SEPTEMBER 27, 1958

foreign trade

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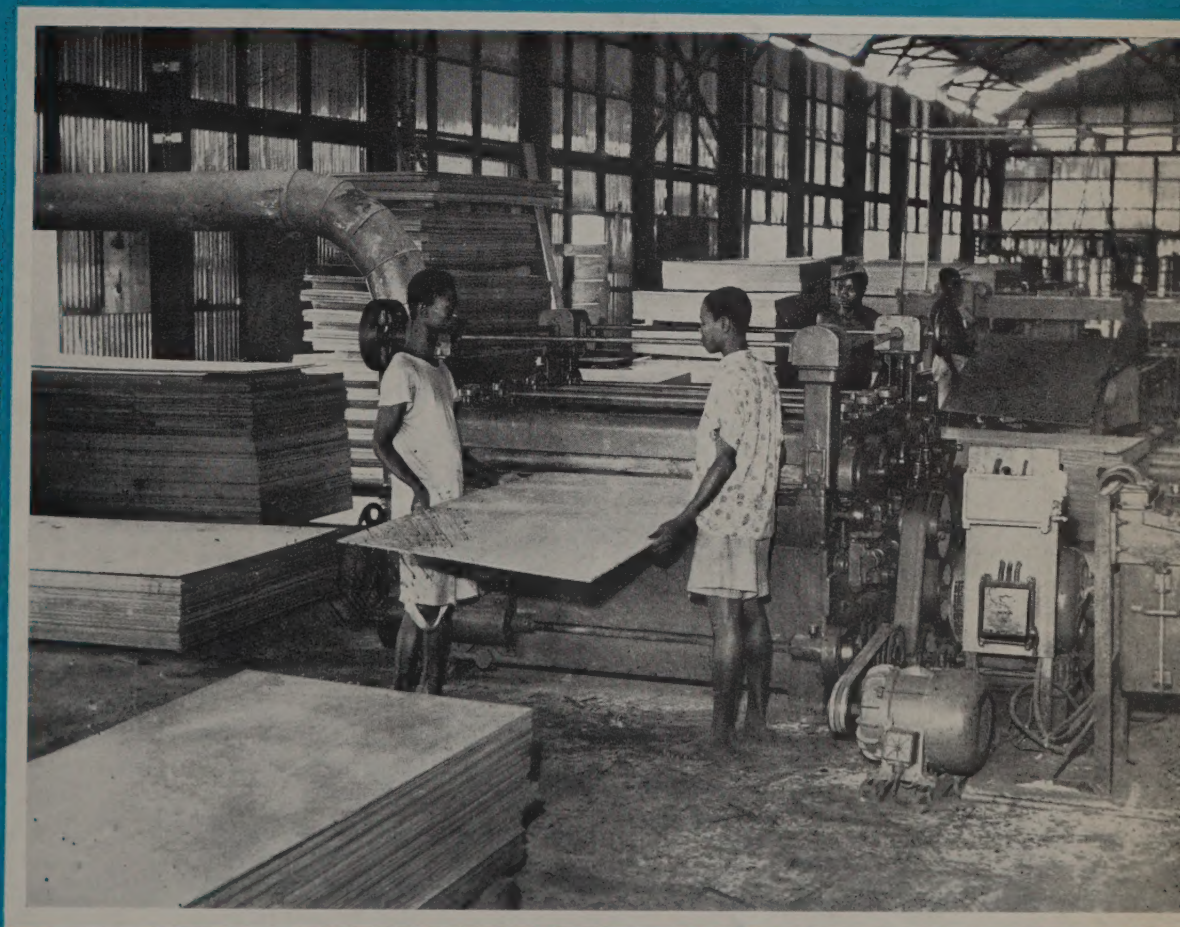

GHANA PLANS ITS INDUSTRIAL FUTURE (page two)

Established in 1904

foreign trade

OTTAWA, SEPTEMBER 27, 1958 Vol. 110, No. 7

cover

In a mill at Takoradi, workmen process sheets of plywood made from Ghana's abundant timber supply. This picture illustrates the stress that the Ghana Government is putting on industrial growth, both to provide jobs and to make the country less dependent on its great cocoa crop. See the article on page two for details.

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CANADA

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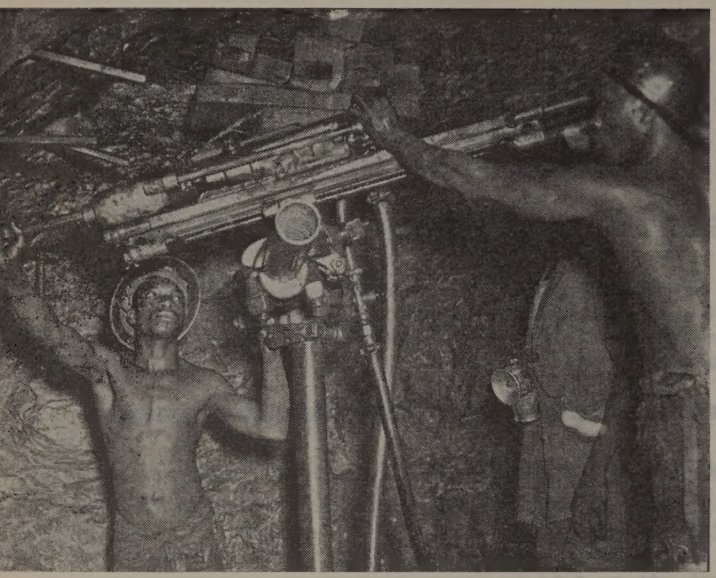


Miners in Ghana extract the precious metal which gave the Gold Coast its name. But gold has given way to cocoa as the leading export, followed by diamonds, manganese and timber. Hardwood logs shown awaiting export earned over £5 million in 1956.

Ghana Plans Its Industrial Future

Canadian businessmen will find much to interest them in this review of Ghana's approach to industrial development and of the inducements and opportunities it offers to foreign investors.

M. B. BURSEY, *Commercial Counsellor, Accra.*

GHANA, Africa's newest contribution to the Commonwealth, is on the march towards industrial development. This newly independent country, formerly the Gold Coast, is making strenuous efforts to diversify its economy; at the moment, it is chiefly a producer of one crop, cocoa.

Originally it became known for its large mineral resources, but it has lately made worthwhile progress in establishing new industrial enterprises.

In a policy statement on February 20, 1958, Prime Minister Nkrumah set forth the intentions of his Government concerning a new development plan to begin on July 1, 1959, and extend over five years. It is to be known as the Second Development Plan and a minimum expenditure of £100 million over this period is anticipated. Details have yet to be announced but the Prime Minister stated on February 20 that:

> *"We shall want to continue our efforts to increase industrial development both by private investment and also by Government itself. Where appropriate, we shall welcome joint participation by our Government and private investors—both African and overseas."*

Volta River Project

Probably the most spectacular of Ghana's industrial projects is the Volta River development. This has been very much to the forefront during the past few years and particularly since Ghana became independent in March 1957. The Volta plan includes the harnessing of the waters of the Volta River for power purposes and the use of this power mainly to process aluminum from the substantial local bauxite deposits. The whole project was studied exhaustively by a Preparatory Commission that assessed the costs at up to approximately £300 million. (This would be separate and apart from the Second Development Plan expenditures.) But because outside financial assistance has not been forth-

coming in the face of depressed world conditions and a decline in aluminum demand, the original project has now been split into two phases. The first one covers water development to provide power and the second the smelting and processing of aluminum from the bauxite ore.

The first phase is currently receiving attention following the visit of the Prime Minister to the United States and Canada. Now a team of American engineering specialists under the joint sponsorship of the United States and Ghana Governments is reviewing the original project as it relates to power development.

Co-ordinating Development Plans

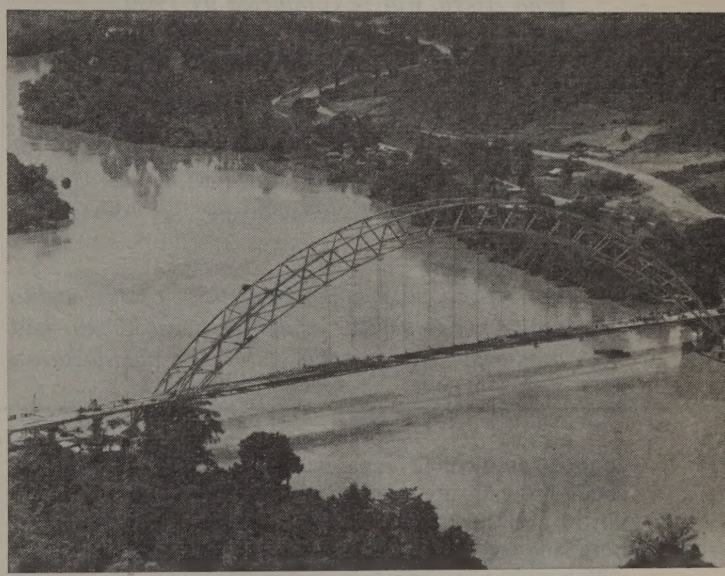
This survey and the co-ordination of development plans generally are under the direction of the Development Commission. This Commission, headed by Sir Robert Jackson, deals directly with the various government ministries and departments and has the task of assessing and putting in motion the program for the Second Development Plan.

The two government agencies that over the past several years have been mainly responsible for industrial and agricultural progress are the Industrial Development Corporation (I.D.C.) and the Agricultural Development Corporation (A.D.C.). These two corporations have not measured up to expectations because of the weakness of their boards of management, according to a recent statement by the Prime Minister. Now, under a joint chairman, their activities have been co-ordinated and revitalized and more representative board members have been named. The Prime Minister has reiterated the Government's policy of encouraging private investors to establish new industries in Ghana and has announced that an Industrial Promotion Division will be created. He has also stated that the distinction between the Industrial Promotion Division and the revived Industrial Development Corporation is that the former will deal with private enterprise and the latter will concern itself with those in which the Government participates. The Prime Minister said that the Government expected to have some industries developed which would be wholly private, some mixed, and some fully owned by the Government.

The Industrial Development Corporation was instructed that the number of enterprises wholly owned by the Government was to be kept at a minimum for the time being. This, according to the Prime Minister, was partly because the Government wished such capital as it possessed to be used in starting as many new industries as possible rather than concentrating on a few. It wanted to ensure that fully experienced commercial management was available to the factories in which it participated. It also issued instructions to the Industrial Development Corporation that it should concentrate on those industries that will not come into existence without government participation. This gain would ensure that the Government's limited capital will be used where it will be most effective—in starting new industries that would not otherwise be possible.

Agriculture Not Neglected

The Agricultural Development Corporation was set up three years ago to promote diversified agricultural pursuits in Ghana. These are to include the growing of rubber, bananas and coconuts in the southwest of the



This new, 805-foot bridge spans the Volta River, whose waters may one day provide power for a number of new industries.

In her drive towards economic progress, Ghana has produced fine modern buildings like the Ambassador Hotel in Accra.

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Ghana at a Glance

Population: *Almost five million.*

Area: *Approximately 92,000 square miles.*

Principal Cities: *Accra, the capital, has a population of 136,000. Kumasi (80,000) and Takoradi (60,000) are the other main cities.*

Ports: *Takoradi, about 60 miles from Accra, is the only port. A harbour at Tema, about 20 miles from Accra, will be completed by 1960.*

National Income: *£270 million in 1957, or about $737 million.*

Exports: *£91.6 million in 1957, 70 per cent of which represented cocoa earnings. Timber, diamonds, manganese and gold are the other chief exports.*

Imports: *£96.5 million in 1957, chiefly textile products, transport equipment, petroleum and products, non-metallic mineral manufactures, cereals and preparations, beverages, electrical appliances, fish and fish products, tobacco and manufactures, and medical and pharmaceutical products.*

Trade with Canada: *In 1957 imports from Canada totalled $1.3 million; wheat flour accounted for $1.1 million. Sales to Canada reached $6.0 million, chiefly manganese ore, cocoa beans, mahogany and teak.*

Currency: *Pound sterling, quoted at U.K. value.*

Tariffs: *Ghana has a single-column tariff and rates of duty apply equally to all countries. Under the Niger River Convention of 1871 Ghana is precluded from granting preferential tariff rates. She is a member of GATT.*

Import Controls: *Although Ghana is a substantial dollar earner, imports from dollar countries are restricted and subject to licence, with the exception of wheat flour.*

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country and coffee as a new venture in the present cocoa-growing area; tobacco, cattle and cereals in the north, and sugar and cattle in the southern plains on both sides of the lower Volta River. Greater emphasis will be given to certain of these activities under the proposed Second Development Plan. The Agricultural Development Corporation will also be empowered to build a chain of processing and storage facilities throughout the country as a stimulus to agricultural development—small mills, cold stores, abattoirs, canneries and warehouses. Farmers will be encouraged to provide such facilities for themselves on a co-operative basis wherever possible.

New Industries Established

During recent years the Government has been responsible for or has contributed to the development of a number of new industries—sawmills, a furniture factory, a bakery, a biscuit factory, a soap plant, a match factory, a nail factory, a tire retreading plant, a laundry and dry-cleaning plant, and a modern luxury hotel. In addition it has announced plans for participating to the extent of 25 per cent in a number of new plants, including an iron foundry at Abosso and a clinker cement factory at Takoradi.

Another group of industries now is under active consideration. They include an aluminum utensil factory, a fish cannery, a flour mill and cattle-feed plant, a textile plant, an Imperial Chemical Industries factory at Tema, and a brewery in Kumasi. (Accra already has a large modern brewery.)

Potential Industries Discussed

It is not possible in this report to list all of the new industries that have been recommended as potential or that offer opportunities for development. However, a partial list might include the following:

Engineering and vehicle repair facilities
Leather tanning and leather goods
Plastic products and materials for manufacturing electric fixtures
Refrigerators
Radios, etc.
Rubber products, including shoes and smallwares
Lime and its by-products
Glass and glass bottles
Salt and its by-products
Machine tools, including precision tools for diamond cutting
Food processing
Piping, including drainage and cable pipes
Pulp and paper mill
Fertilizers and insecticides
Mobile refrigeration units and ice-making plants
Alcohol distillery
Starch and its by-products
Fruit juices and juice extracts

Edible oil refinery
Enamelware
Engineering assembly for consumer products such as refrigerators
Radios, etc.
Ready-made clothing
Commercial bakeries
Optical supplies
Chipboards and hardboards
Plywood and veneers.

The following farming activities are looked to as potential suppliers of basic materials for some new industries —sugar cane, rubber, bagasse, cassava, rice, pineapple, poultry raising, piggeries, and cattle raising.

Streamlining Industrial Development

The Minister of Trade and Industries, the Hon. Kojo Botsio, who accompanied Prime Minister Nkrumah on his visit to Canada and the United States, said in his most recent statement on industrial development in the National Assembly that:

> *"As regards the general mechanics of industrial promotion the Government appreciates that if industrialization is to progress at the rate the country desires it will be necessary to continue to seek out industrialists and to persuade them to come here. It is proposed, therefore, that the industries section of the Ministry of Trade and Industries should be strengthened by the addition of a Commissioner for Industrial Promotion, an Assistant Commissioner, an Industrial Economist, and an Industrial Engineer."*

The Minister went on to point out that overseas investors would be reluctant to invest in Ghana unless they could be assured that "the way is smoothed for them to come". Accordingly, an official non-statutory Investment Promotions Board has been formed in the Ministry of Trade and Industries with a view to co-ordinating the activities of other ministries and to streamlining the present administrative machinery for obtaining import licences, tax relief, currency permits, immigration permits and quotas, priority facilities for water, electricity, telephone services and the like. These arrangements, plus the recent company profits tax concession, will undoubtedly go a long way to attract the right type of industrialists to Ghana.

These views were supplemented by a keynote statement made by the Prime Minister in the Assembly as recently as September 3, 1958.

In speaking about the Investment Promotions Board, he indicated that the functions of this newly created Board would be to examine applications for the establishment of new industries or the setting-up of new factories and to make recommendations to the Minister of Trade and Industries. It will also assist in the obtaining of factory sites and, in consultation with other Ministries, decide on the degree of priority between projects.

This Board has been set up under the chairmanship of the permanent secretary of the Ministry of Trade and Industries and its other four members will include the soon-to-be-appointed Commissioner for Industrial Promotion, the chairman of the merged Industrial Development Corporation and Agricultural Development Corporation, and the permanent secretaries to the Ministry of Finance and the Development Commission.

Harbour and Dockside Facilities

The largest single project under construction in Ghana at present is the new port and its facilities at Tema, 18 miles from Accra. Originally included in the Volta River project, the construction of this port and its facilities has been undertaken by the Government of Ghana and will be completed by January 1960. Tema will then offer the most modern and adequate docking facilities for ocean-going ships and promises to become at the same time probably the most active industrialized area in the country. Planning authorities are currently concerned with the allocation of industrial sites and the establishment of an entirely new community already taking shape. The harbour facilities could be greatly expanded to accommodate increased traffic resulting from the Volta River project.

The present docking facilities at Takoradi, the chief point of entry at present, 140 miles from Accra, will be more than superseded by the harbour and industrial facilities at Tema.

Possibilities for Canadian Participation

Certain Canadian firms are already interested in some of the projects and industries mentioned above. In fact, they have submitted detailed proposals to Ghanaian authorities. However, in view of the wide scope of industrial plans, a considerable variety of opportunities for Canadian interest and participation remain.

It is suggested that inquiries from interested Canadian industrialists, investment firms, etc., be directed to the Trade Commissioner Service at Ottawa or to the Commercial Counsellor, Office of the High Commissioner for Canada, Accra, Ghana.

Index to *Foreign Trade*

The index to Volume 109 (January-June 1958) of "Foreign Trade" is now ready. If you would like a copy, write to the Editor, "Foreign Trade", Department of Trade and Commerce, Ottawa.

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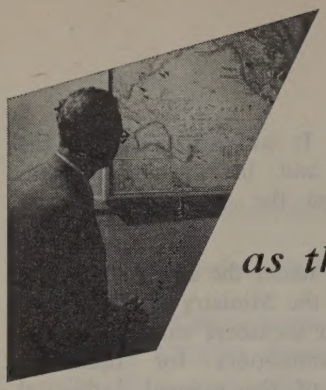

as the businessman sees it

Selling to the United States Army

A twelve-year-old Canadian firm has demonstrated that sales of specialized equipment to the U.S. Armed Forces are possible—and profitable too.

SIDNEY T. FISHER, *Vice-President, Radio Engineering Products Limited, as told to O. Mary Hill.*

"PRINCIPALLY, we're selling wits." Sidney T. Fisher, vice-president of Radio Engineering Products Limited, Montreal, speaks of his business in this terse way. The collective wits of the three Fisher brothers, concentrated on communications equipment, have since 1946 built up an enterprise with annual earnings that today run to many millions of dollars. About 90 per cent of the firm's production moves to export markets, mainly the United States. More remarkable, its biggest customer, responsible for 80 per cent of its U.S. sales last year, is the United States Army.

Appointment at SHAPE

Mr. Fisher makes his first approach to the selling of military equipment abroad sound deceptively simple. "It was in 1949," he says, "soon after NATO began to function and the NATO countries started to lay plans for a communications network. I flew over to Paris, called up SHAPE (Supreme Headquarters Allied Powers in Europe), and asked for an appointment with General Eisenhower. I got it—with Eisenhower and with General Lanahan, his chief Signal officer. Lanahan was a bit sceptical at first when I started talking contracts, but I came away with an initial order for equipment for SHAPE worth $150 to $200 thousand."

This order, small in itself, soon led to repeat business. Radio Engineering has since supplied equipment for SHAPE establishments at Versailles, Fontainebleau, Florence, Naples and other places; it is still engaged on contracts with NATO countries. More important, these contracts added to the firm's experience and introduced it to a number of U.S. Army officers then serving with SHAPE. Later when, says Mr. Fisher, "we set out to aim our sights at the U.S. Army Signal Corps", he dealt with some Signal Corps officers who already knew that he could deliver a good product, exactly on the deadline, and made to precise specifications.

For Successful Selling

The firm's experience since—and especially its sales figures—has convinced Radio Engineering that selling equipment to the United States Armed Forces is both possible and profitable. But no one realizes better than Mr. Fisher that it's a highly competitive, specialized field, beset with many problems. In his opinion, five things are essential to success. As he lists them, they are:

1. Competitive prices.
2. Independent designs, constantly improved.
3. Continuous personal contact, at all levels.
4. Scrupulous attention to specifications, special procedures, and paperwork.
5. Making deliveries on time.

Price naturally comes first. Potential sellers to the U.S. market should bear in mind that all governments have to protect their own manufacturers and have various ways of doing this. This means that a Canadian firm's prices must be well below those of its U.S. competitors if it is to stand a chance. Quotations must be in U.S. dollars and the premium on the Canadian dollar may change by the time the contract is awarded. Moreover, the Canadian company must not forget its higher transportation costs. None the less, Mr. Fisher feels that Canadian companies can be low-cost producers and have some factors, such as lower labour costs, in their favour. To prove his point, he remarks that Radio Engineering once won a Signal Corps contract against 112 other bidders.

Good Design Emphasized

In the selling of engineering products, design assumes as much importance as price. That, in essence, is what Mr. Fisher means by the remark quoted at the

outset, "Principally, we're selling wits." Ever since Radio Engineering Products entered the manufacturing field in 1946, it has stressed original designs and sound engineering. The three Fisher brothers (two of them own the company and the third is its chief engineer) graduated in electrical engineering and gained their initial experience in the communications field with Northern Electric. When, after varied wartime service, they came together to found a new firm, they concentrated on good design and continuous improvement of products. Radio Engineering currently has a staff of 700, forty of whom (a relatively high proportion) are graduate engineers.

Sidney Fisher's dealings with U.S. Army contracting officers have strengthened his views on the importance of design and of engineering know-how. They are strictly from Missouri in their attitude towards Canada as a source of original engineering products—they have to be shown. "If a Canadian firm wants to get business in the U.S.," he says, "its designs must be better and more efficient than American ones or must offer something that U.S. manufacturers do not." The communications equipment that he sells to the U.S. Army Signal Corps must be cheaper, lighter, simpler to operate than the models its U.S. counterparts have to offer.

Getting an order or two is one thing, but keeping the business coming in is another. To do this, Mr. Fisher emphasizes, his company has to stress what he calls "progressive engineering", the constant changing and improving of its designs. It keeps pushing these adaptations and improvements at the U.S. Army. In fact, he says with a smile, "it has got to the point where we are making the Army feel uncomfortable."

Personal Selling Important

Competitive prices and good design—a potent combination—will not by themselves win business. To these must be added personal contact at all levels, but especially at the engineering level. In approaching General Eisenhower, Mr. Fisher began his personal contacts at the top. He cultivated his acquaintance with U.S. Signal Corps officers assiduously and this has helped him on his way. He believes whole-heartedly in going after business personally and his travels in any one year add up to a staggering total of miles. The first word of a possible contract has him on a plane and on the way to investigate the possibilities.

This does not mean that he carries on without agents or other representatives. Soon after Radio Engineering got its first SHAPE contract, Fisher appointed a European agent, a U.S. Army Air Force captain who was demobilized in Paris and had set up an export-import business there. But, as he points out, no agent can do a major selling job in a highly technical business. He can prove useful as a "post office" and as a point of contact between the company and its customers. The three Fisher brothers do not try to do all the contact work themselves; at least three of the firm's engineers are always on the move and two of them spend most of their time observing the U.S. Army's field trials of equipment at Fort Monmouth and other places.

In speaking about personal contacts as an aid in selling, Mr. Fisher mentions three other sources of help. One is the Department of Trade and Commerce, which has been able to assist him in several ways. The second is the Canadian Trade Commissioners, who often alert him to sales opportunities, and the third the Canadian Commercial Corporation, a Crown company. The U.S. Defense Department instructs its procurement officers to use the C.C.C. as its channel in dealing with Canadian producers of the goods it needs and any contract to supply these goods is drawn up between the U.S. Government and the Canadian Commercial Corporation. The services of the Corporation are available to firms selling defence equipment or other goods to foreign governments or to international organizations. Radio Engineering has made good use of the C.C.C.'s help and has discovered that the Corporation facilitates the business and protects the interests of the Canadian exporter. Mr. Fisher enlarges on this statement by pointing out that U.S. contracting officers can be tough and that the C.C.C. is in a better position to stand up to them when it is necessary than is any individual company. He is the first to say that, without the C.C.C.'s help, Radio Engineering could not have achieved its current volume of business with the U.S. Army Signal Corps.

Radio Engineering Products engineers frequently accompany new equipment into the field. This photo shows trailer-mounted communication assemblies in use by the U.S. Army abroad.

The fourth ingredient in Mr. Fisher's recipe for success might be called "an infinite capacity for taking pains." Put more directly, it's the carrying out of procedures precisely as the U.S. Army directs and complying exactly with literally thousands of specifications. His firm accepts these conditions philosophically: "You learn to live with it because it's worthwhile making the effort." Every component and piece of material going into equipment for the U.S. Army must be examined at the source and stamped by a U.S. Army inspector. Then there is the paperwork and the enormous number of engineering specifications that must be adhered to in every detail. In fact, Mr. Fisher remarks, the engineering requirements make the administrative paperwork seem light by comparison. By this time the firm has adapted itself to these demands and today everything is designed within the framework of the military specifications.

The fifth point needs little elaboration—it is always making deliveries precisely on time. Nothing destroys a supplier's reputation more quickly than the failure to meet a deadline.

A "Planned Producer"

Radio Engineering recently reaped the reward of years of being a low bidder, doing its paperwork right, keeping routine work up-to-date, and never being delinquent in delivery. Late last year, and with the concurrence of the Canadian Department of Defence Production, the firm was designated a "planned producer" by the U.S. Army. A planned producer is a manufacturer whose facilities have been surveyed by U.S. Army authorities, its engineers interviewed, its management evaluated, and its financial record scrutinized. The Army regards firms that it accepts in this way as, to all intents and purposes, a part of the defence establishment and obligated to produce what is needed in a war emergency. These companies also get the opportunity to tender on a variety of contracts more often than those without this status.

Radio Engineering also carries on non-military business, both in Canada and abroad. In Canada it sells its equipment chiefly to the two railway companies that operate the telegraph network. Some 20 per cent of its shipments to the United States still go to civilian buyers and recently it made an agreement with Graybar Electric to act as its commercial distributor in the United States.

Because the type of product determines the demand, Radio Engineering will continue to look to the armed forces, particularly in the United States, as its largest and most lucrative market. And in Mr. Fisher's view, the "Open Sesame" to that specialized market is the two words "better designs." Good design does not in itself guarantee sales, but without it success becomes impossible. ●

Rhodesia Tightens Its Belt

THE Federation of Rhodesia and Nyasaland suffered an adverse trading balance of £13.3 million in the first five months of 1958, according to figures just released. In the same period of last year, there was a favourable trade balance of £1.5 million.

The immediate cause of this reversal was the fall in the value of exports from £70.7 million in January-May last year to £58.2 million this year. Imports showed little change—£71.5 million in 1958 compared with £69.2 million in 1957. The drop in export income stemmed almost entirely from the drastic fall in world copper prices. On March 19, 1956, the price for electrolytic wire bar stood at £437 per ton. From then on, prices steadily declined until the low was reached on February 28, 1958, when copper was quoted at £160 per ton. A moderate recovery has recently taken place but prices are still fluctuating around £207.

The adverse trade balance represents a severe drain on the Federation's overseas funds and at the beginning of the year the Government decided to take steps to curtail spending on imports. Not wishing to resort to commodity controls, it turned to a "credit squeeze" instead. The commercial banks curtailed advances and overdrafts and new regulations on instalment buying were announced.

As a result of these measures, consumer demand decreased, and with restricted credit facilities importers were obliged to reduce their purchases abroad. Already imports from the Union of South Africa have been affected. In the first five months they dropped £2.8 million to a total of £20.5 million and in May the decrease was £800 thousand. This suggests that the trend will continue. On imports from Britain the effects are not yet so noticeable, because approximately five months elapse from the time an order is placed in the U.K. until the goods are delivered. In fact, the first five months of 1958 saw imports from Britain rise by £1.7 million over last year. In May, however, purchases from the U.K. fell by £200 thousand compared with those in May 1957.

Investment money continues to flow in volume into the Federation from the United Kingdom and with this and the satisfactory results of the tight credit policy, the Federation's overseas reserves are steadily growing. This means that in all probability there will be at least some relaxation of the squeeze by the end of this year.

—L. S. GLASS,
Trade Commissioner, Salisbury

The West Indies

a Trade Survey

Main suppliers to these islands continue to be Britain, Canada, and the United States, as in prewar years, but Canada's share has decreased. Federation's trade has expanded steadily, despite continuing problems.

R. G. C. SMITH,
Commissioner for Canada, Port-of-Spain.

WITH the inauguration of the first Federal Parliament on April 22, 1958 (see *Foreign Trade,* January 4, 1958), the federation of the various British West Indian islands became an accomplished fact.

The territories of the new emergent Dominion, The West Indies, have long been important trading partners for Canada and a brief look at the foreign trade of the new country is timely. There are as yet no federal statistics, so that a complete and up-to-date trade picture is not available. But there are sufficient statistics published by each island to give a general idea of the position.

For The West Indies—made up of Antigua, St. Kitts/Nevis and Montserrat (Leewards); Grenada, St. Lucia, St. Vincent, Dominica (Windwards); Barbados, Trinidad, and Jamaica, the over-all trade picture compared with prewar and with 1949 (when there was some recovery from war disruption) emerges from the following table:

	1935-39	1949	1956	1957 (est.)
		Average (million BWI $)		
Imports	75.6	306.5	697.1	805
Exports	71.9	249.0	584.2	713
Balance	—3.7	— 57.5	—112.9	— 92

Only Barbados, Trinidad, Jamaica and St. Vincent have complete 1957 figures so that the totals are estimates based on immediate past performance of the Windwards and Leewards. Even for 1956 the figures are not complete. It is improbable that the totals will differ greatly from those shown in the table because the trade of the little islands is small in relation to that of the big three.

Trade Deficits Continue

The table illustrates the chronic deficit in the islands' balance of trade. Even the advent of bauxite in Jamaica has failed to produce a surplus, either for the Federation or for Jamaica itself. Moreover, the apparent phenomenal growth in trade needs discounting to some extent. On paper, by 1956 exports had increased more than 700 per cent over the 1935-39 average and imports by over 800 per cent. Values are given in B.W.I. dollars, so that a comparison with prewar figures, apart from the general depreciation in real value of all currencies, must be discounted to the extent of the devaluation in the pound sterling to which the B.W.I. dollar is attached. In 1935 the B.W.I. dollar was worth US$1.02. At the present, the rate is about 60 cents U.S. Converting the 1935-39 B.W.I. dollar to current values gives a paper increase of about 440 per cent for imports and 380 per cent for exports. Even making allowances for the lower purchasing power of money, the development of trade is obvious and particularly noticeable over the past few years. Expressed in terms of per capita trade and using the conversion factor for 1935-39 to produce a comparison in "constant dollars", imports reached BWI$232 per capita in 1956, compared with BWI$36 per capita for the prewar period. The comparison for exports is BWI$194 and BWI$34½ respectively.

The figures of imports and exports also include inter-island trade, because when the trade figures were compiled it was (and still is for practical purposes until there is a customs union) "foreign" trade. This inter-island trade in 1956 represented only about 3.7 per cent of the total. The following table indicates the size of the individual markets and the countries of supply for 1956 compared with 1949, and the 1935-39 average (adjusted to 1956 B.W.I. dollars).

Imports into The West Indies

(thousand BWI $)

Imports by		from Canada	U.S.	U.K.	The West Indies	Total all countries
Leewards	1956	3,430	2,380	8,130	2,660	20,885
	1949	2,459	1,596	3,364	1,511	10,263
	1935-39 Av.	998	612	1,740	809	4,720
Windwards	1956	5,045	4,330	11,930	4,650	33,170
	1949	4,230	2,413	5,868	2,114	16,170
	1935-39 Av.	1,230	874	2,970	716	6,720
Barbados	1956	10,220	4,280	23,180	5,780	61,315
	1949	7,198	3,986	13,099	3,879	33,916
	1935-39 Av.	2,800	2,000	6,680	1,410	17,200
Trinidad	1956	26,880	36,100	104,620	2,660	301,910
	1949	18,372	24,444	57,493	3,570	154,215
	1935-39 Av.	6,720	11,300	19,800	836	52,600
Jamaica	1956	34,070	68,870	106,120	5,620	279,900
	1949	14,510	15,220	41,600	4,050	92,200
	1935-39 Av.	8,760	9,190	15,950	2,420	47,600
Total	1956	79,645	115,960	253,980	21,370	697,215
	1949	46,769	47,659	121,424	15,124	306,764
	1935-39 Av.	20,508	23,976	47,140	6,191	128,840

PERCENTAGE OF IMPORT TRADE WITH THE WEST INDIES

	Canada	U.S.	U.K.	The West Indies	Total four countries
1956	11	17	36	3	67
1949	15	16	40	5	75
1935-39	16	19	37	5	76

The failure of Canada to hold its own in the growing trade of the Federation is a reflection of increasing imports from Europe, of crude petroleum from Venezuela going into Trinidad for refining, of inroads by domestic manufacturers, particularly in Trinidad and Jamaica, and of the effect of the import restrictions on dollar suppliers.

Flour Sales Slipping

In recent years the Canadian flour trade has been adversely affected by imports of subsidized flour from the United States. In 1956 Canada had about 65 per cent of the flour trade to The West Indies and the U.S. 31 per cent. Figures are not available for 1957 but the situation has since deteriorated in Barbados, Trinidad and Jamaica, which take about 85 per cent of total imports; Canada only had 48.6 per cent against 47.5 per cent for the U.S. In 1949 Canada supplied over 93 per cent of all the flour sold in the area.

Percentagewise, Canada has been falling behind in its share of the trade in nearly all the islands, but the U.S.—bolstered by shipments of heavy capital equipment, the proximity of its Gulf ports and ample shipping services—has been making considerable gains in Jamaica.

PERCENTAGE OF TOTAL TRADE WITH THE WEST INDIES

	1935-1939		1949		1956		1957	
	Can.	U.S.	Can.	U.S.	Can.	U.S.	Can.	U.S.
Total with:	16	19	15	16	11	17	na.	na.
Leewards	21	13	24	16	16	11	na.	na.
Windwards	18	13	26	15	15	13	na.	na.
Barbados	17	12	21	12	17	7	14	9
Trinidad	13	21	12	16	9	12	7	14
Jamaica	18	19	15	16	12	24	12	23

Jamaica is assuming, relatively, a gradually increasing share of the total import trade of the area, principally at the expense of Barbados and Trinidad. Jamaica had 40 per cent in 1956 against 30 per cent in 1949, Trinidad 43 and 50 per cent respectively, and Barbados 9 and 11 per cent.

Exchange Control

Imports into the area are subject to exchange control and this discriminates against dollar imports. However, trade has been liberalized a good deal in recent years and the basic products of principal interest to Canada are on Open General Licence or come in without hindrance—such as fish, flour, lumber, meats, potatoes, barytes, paper and other items. Most of the remainder of the trade with Canada is served by the Token Import Scheme. In fact, in the smaller islands trade is hampered only to a small extent by exchange control. In Jamaica, Trinidad and Barbados, however, importers still find it difficult to secure all the import permits necessary for goods not on Open General Licence or even at times for goods under the Token Import Scheme.

The export trade of the Federation is characterized by specialization in each island. This lack of diversification is one of the Federation's major problems, because nearly every territory depends either on one or two major export earners or at best on only a few products. In recent years, however, the foundations for diversification have been laid. Since 1955, for example, exports of bananas from the Windwards have increased considerably. Nevertheless, each island's exports are still on a narrow footing. Antigua is almost entirely sugar and cotton; St. Kitts, sugar; Montserrat, cotton, vegetables and live cattle; Grenada, nutmegs, with bananas, cocoa, cotton and other crops gradually coming up; St. Lucia, sugar, bananas and again a growing trade in cocoa; St. Vincent, arrowroot, bananas, copra and cotton; Dominica, citrus fruit, bananas, lime juice, cocoa, vanilla, copra, essential and lime oils; Barbados, sugar and rum; Trinidad, petroleum products and asphalt, sugar, bananas, grapefruit, cocoa, rum and some manufactured articles; Jamaica, bauxite and alumina, bananas, rum, coffee, canned juices, and some manufactured goods (mostly to other islands in the Caribbean).

Jamaica and Trinidad have also shown the most rapid over-all development in exports since the war. This is illustrated in the following table that gives percentage of total exports for the Federation provided by each of the major groups.

	1935-39	1949	1956	1957
Leewards	4.3	3.6	2.8	2.5*
Windwards	5.7	3.9	3.3	2.8*
Barbados	11.1	9.6	6.2	7.0
Trinidad	47.6	58.2	56.6	55.0
Jamaica	31.4	24.6	31.2	32.8

*Estimated.

All of the islands are subject to severe hurricanes. In 1951 Jamaica was badly hit and exports of bananas were seriously reduced. In 1955 Grenada lost about 90 per cent of its nutmeg trees that take years to grow again. Nor does it take a full hurricane to affect the economy of the smaller islands seriously. This year high winds in July cut the potential export of bananas from the Windwards, particularly in St. Lucia where losses were estimated at 25 per cent.

Where Exports Go

Britain, Canada and the United States continue to provide the principal markets for the Federation territories. The pattern has not changed greatly over the years, except that Canada is taking a smaller percentage of West Indian goods than in prewar days, although the balance is still favourable to the Federation. (In 1957 Canadian figures, used because they are up-to-date, show that exports to the Federation territories were valued at Can.$40,276,000, against imports of Can.$58,430,000.) In the Windwards, Leewards and Barbados, sales to Canada depend largely on sugar. From Jamaica, Canada buys bauxite, alumina and sugar and from Trinidad, sugar, rum and petroleum.

In 1955, the latest year for which complete statistics are available, Britain took 44 per cent of total exports from The West Indies, little change from the prewar or postwar periods. Canada's share was 13 per cent, compared with 17 per cent in 1949 and 19 per cent before the war. The U.S. took 7 per cent in 1955, 2 per cent over 1949 but about the same as in the prewar period.

General Outlook

On the whole, the outlook for expanding trade is good. The figures quoted in this report show a steady and fairly rapid advance. Agricultural practices are being improved and natural disasters turned to good account in providing the opportunity to introduce better methods and some diversification. This year's sugar crop, still vital in the economy of most (but not all) of the islands, suffered generally from drought and in Barbados and Antigua from labour problems. Nevertheless, the standard of living is gradually climbing.

The population stands at over three million, an increase of about 42 per cent over 1939 and over 18 per cent above 1949. Jamaica, with about 1,600,000, has the largest population, followed by Trinidad with about 760 thousand. Barbados, with 230 thousand, is the most densely populated. On the smaller islands, the population varies between 55,000 and 90,000, except for Montserrat which musters about 14,000. These population figures do not, however, indicate the relative size of markets because the per capita income varies considerably from island to island. Figures on gross national product are either non-existent or inaccurate but the Caribbean Commission has made an attempt to establish a comparison. This showed the per capita national income of Jamaica in 1955 to be BWI$392, Barbados $350 in 1954, Trinidad $488 in 1954, Grenada $261 in 1953. Although these are not exact comparisons, they do indicate the degree of difference between the islands.

India's program of railway expansion and modernization will move forward with the aid of an $85 million World Bank loan to India announced recently. The money will be mainly spent on rolling stock, locomotives and other equipment during the last part of 1958 and the first quarter of 1959. An increase in the freight-carrying capacity of the railroads is now receiving emphasis and freight capacity is to be increased to 168 million tons a year by the time the Second Five Year Plan ends.

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Canadian furskins continue to be in top demand in the South African market. A stole made of Canadian squirrel is shown here being nailed by skilled craftsmen in a Johannesburg plant.

South Africa Likes Canadian Furs

I. V. MACDONALD,
Assistant Trade Commissioner, Johannesburg.

and Canadian traders can do a profitable business here if the trend toward direct sales continues. Personal contact with buyers is the best approach in a market with firm demand and many competitors.

THE fortunate combination of chilly winters and high incomes has made the Union of South Africa a good customer for Canadian furs. It is impossible to discover from statistics what volume of Canadian furs is sold to South Africa because furriers there follow the practice of buying in third markets. However, discussions with several leading manufacturing furriers in Johannesburg have revealed that the consistently high and often unequalled quality of Canadian skins has earned them first place in the South African trade.

Direct Sales Grow

Direct buying from Canada has recently gained in popularity and Canadian fur dealers and fur dressers should benefit from the new trend. Direct sales were stimulated early this year when a large Johannesburg firm of manufacturing furriers sent buyers to the Montreal fur auctions, chiefly as a convenient stopover between London and New York. Despite a rather unfavourable supply position at the time, the South African buyers recognized immediately the excellent opportunities offered by the Canadian auctions and placed fairly substantial orders; further business was transacted through a buying agent appointed in Montreal. In each case a Canadian firm was commissioned to do the dressing; this boosted Canadian export earnings. This visit was one of the first by South African fur buyers to a Canadian auction. They found it so successful that a repeat trip is planned which may encourage others in the trade to visit the Canadian sales.

Agents Buy in London

The industry in South Africa comprises three large manufacturing furriers (one of whom wholesales to the trade) and a fairly large number of smaller companies with local clientele which, in most cases, make up garments to order. It is difficult for smaller furriers interested in limited quantities to justify the expense of a trip to North American auctions. Therefore the bulk of South African purchases of Canadian skins may continue to be made at the London fur auctions or from London merchants, chiefly through buying agents. It is understood that these agents receive a commission of 3 per cent plus 2 per cent from the seller. Leading auctions attended by South African

furriers or their agents interested in buying Canadian furs are those of the Hudson's Bay Company and of Anning, Chadwick and Kiver who also handle skins from a number of other sources. Some South African fur importers are known to buy directly from "The Bay".

Imports Varied

The accompanying table of South African fur imports requires some explanation. Imports of dressed skins from the United Kingdom include a variety from many different countries; a fairly large but uncalculated proportion of them are Canadian mink, muskrat, squirrel and beaver. Russia is also a prominent supplier (through London middlemen) mainly of squirrel, ermine and muskrat, in that order. Russian merchants have established their own sales office in London to facilitate contact with the trade and to keep in close touch with the Leningrad market.

United States fur shipments to South Africa are partly re-exports of Canadian and Scandinavian furs which have been dressed and/or dyed in New York. The volume of trade from New York to South Africa varies to some extent, depending on whether there is distress selling.

Because of the differential in customs duty between raw and dressed skins (free and 15 per cent respectively), and the establishment of a dressing firm in Cape Town, it is probable that more raw furs will be imported in future if the pressure on fur garment prices in South Africa continues. For the same reason, the limited consumer recession in South Africa at present may favour the lower-priced Continental skins at the expense of Canadian producers. The so-called "cheap skins" (coneys, foxes, etc.) are imported from Belgium, France, Australia and Russia, probably more via the United Kingdom than direct.

Furskin cuttings are imported chiefly for use as trimmings for the ladies' mantle trade. Fur tails are probably artificial because, as far as is known, no tails are made up into any usable fur piece in South Africa. The statistics showing the United Kingdom as the main source of shaped pieces such as plates and crosses refer principally to cheap Russian varieties such as squirrel, muskrat, marmot, etc., which are very competitive in price because of lower Soviet labour costs. Most of the prepared furs, mainly plates, are coneys originating in France.

There is very little market for imported made-up fur garments in South Africa; the duty of 33⅓ per cent and

Fur Imports into South Africa

	Jan.-Sep. 1957 (lb.)	1956 (lb.)
Fur skins raw, cleaned and dried but otherwise unmanufactured		
Total	4,125	56,890
Principal suppliers:		
United Kingdom	1,027	1,911
CANADA	346	661
Union of South Africa	1,211	53,395
United States	1,422	761
Furs in single original pelt, tanned and dyed or wholly or partly dressed		
Total	177,543	203,539
Principal suppliers:		
United Kingdom	130,052	150,876
CANADA	12,796	6,906
Belgium	1,694	1,424
France	1,994	1,024
Germany	468	262
U.S.S.R.	3,277	2,697
Sweden		1,710
United States	25,975	36,228
Australia	778	
New Zealand	267	
Italy	206	
Fur skin cuttings		
Total	1,044	3,549
Principal suppliers:		
United Kingdom		1,465
France	494	302
Netherlands		1,782
Switzerland	423	

	Jan.-Sep. 1957 (lb.)	1956 (lb.)
Fur tails		
United Kingdom	350	129
Fur skins shaped pieces, known as sacs, plates and crosses not otherwise worked up		
Total	20,708	19,749
Principal suppliers:		
United Kingdom	18,798	19,179
U.S.S.R.	221	493
United States	1,247	43
Greece	319	
Furs prepared (including rugs)		
Total	4,454	2,111
Principal suppliers:		
United Kingdom	1,452	1,862
France	2,440	49
Norway	427	
Fur apparel		
Total	1,434	9,898
Principal suppliers:		
United Kingdom	1,129	6,944
Rhodesia and Nyasaland	59	2,763
Fur muffs, collars, etc.		
Total	1,003	2,369
Principal suppliers:		
United Kingdom	558	2,242
United States	271	30

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the scarcity of import permits are strong deterrents. In addition, South African manufacturers turn out a first-class product and have the advantage of labour rates lower than most fur-manufacturing countries, because natives can be employed to produce the cheaper lines.

How to Tackle Buyers

The international fur trade is very specialized and requires of traders a high degree of judgment and integrity. Canadian firms wishing to act as buying agents for South African furriers should write to the Canadian Trade Commissioner at Johannesburg or Cape Town. The Trade Commissioners will bring their qualifications to the attention of interested South African furriers. A less satisfactory alternative is appointing a commission sales agent in the Union. This method has not proved very effective in the past and suffers from several shortcomings, such as the scarcity of qualified agents. Arrangements with a South African firm to carry stocks of Canadian furs would no doubt stimulate sales, but it may be difficult to interest South African merchants without offering an attractive sales agreement.

The ideal way for Canadians to promote direct fur sales to South Africa is to make contacts with potential customers there and, if possible, arrange for the buyers to visit Canada. An agreement can then be drawn up covering purchase, dressing and shipping, based on mutual confidence and a better understanding of the techniques of international fur transactions.

Commodity Notes

Aircraft

SOUTH AFRICA—South African Airways has signed a £6 million contract for three Boeing 707 airliners. These planes will carrying 132 people and, with cruising speeds of about 600 miles an hour, will shorten the flying time between London and Johannesburg to about 12 hours. The aircraft are to be delivered between July and September 1960—Johannesburg.

Aluminum Engines

UNITED STATES—Recent reports in the automotive field indicate that one of the major changes expected is the production of an all-aluminum automobile engine. This appears to be one of the major engineering projects in the industry. It is freely admitted that its engineers know how to produce and build a free piston and gas turbine engine but there are still some problems to be solved, such as a tougher lining for cylinder walls and the present high cost of materials required for this purpose. Against these factors are the easier machining of the lighter metal and the resultant longer life of cutting tools. Knowledgeable people in the industry are beginning to speak of aluminum engines as the next major advance in internal combustion engines. One of the principal reasons is that it will effect a large weight reduction, probably some 30 per cent, and the numerous advantages of such a reduction, including better braking efficiency, are significant.

Insofar as the various types of engines being tested are concerned, the conviction is that internal combustion engines will continue to be used up to about 1968 or 1970—Detroit.

Aluminum Sulphate

ARGENTINA—A plant for concentrating and purifying aluminum sulphate extracted from beds in the Cura valley near Jachal in the province of San Juan, has just been opened. Its capacity is about 60,000 metric tons a year. These aluminum sulphate deposits are said to be the only ones in the world where this chemical appears in the natural state. Ordinarily, it is made from various prime materials including aluminum hydrate, sulphur and bauxite which have to be imported—Buenos Aires.

Apples

UNITED KINGDOM—Despite indifferent weather, the English apple crop is expected to be considerably

above average, according to the latest forecast by the Ministry of Agriculture. The total dessert crop this year is estimated at about 13 million bushels, of which Cox's will be 4.7 million. The average dessert crop of the past five years was about 11 million bushels and last year's record was 11.6 million bushels. The estimate of cooking varieties is also above average, at 15.7 million bushels; the average crop in the previous five years was 13.4 million, but last year's cooking crop was below average at 10.5 million. A good pear crop (around 3 million bushels) is also anticipated, but plums are likely to be below average—London.

Cement

CEYLON—Because of an increasing demand for cement, the Ceylonese Government has decided to build a second cement factory at Puttalam, a seacoast town in the North Western Province. The decision to establish a factory at Puttalam has been taken on the advice of Czechoslovakian experts. The new factory is expected to have a production capacity of 125 thousand tons a year compared with 80,000 tons at the Kankasenthurai plant. At present, Ceylon uses approximately 250 thousand tons of cement a year, and consumption has been increasing at the rate of 14,000 tons a year. In addition to the new plant at Puttalam, the Kankasenthurai works are to receive a new kiln to step up production capacity to 200 thousand tons a year—Colombo.

Coffee

BRAZIL—The first estimate of the 1958/59 world coffee crop places total production at 58.6 million bags, with an exportable crop of 50 million bags, according to the U.S. Department of Agriculture. The 1958/59 exportable production estimate is 6.7 million bags, or 15.5 per cent higher than the 43.3 million-bag estimate for 1957/58. South America's 1958/59 exportable production is estimated at 32.7 million bags, or 19.7 per cent higher than the 1957/58 estimate. Brazil's exportable crop is expected to be five million bags larger or a total of 25 million bags, and Colombia's 6.5 million. African coffee production also is expected to increase substantially in 1958/59 and exportable production to rise 15.9 per cent to an all-time high of 9.2 million bags—São Paulo.

Cotton

BRAZIL—Revised estimates for Brazil's cotton crop for 1958 indicate that over-all production will total 286 thousand tons, of which 186 thousand tons is expected to come from the southern states and 100 thousand from the northeastern states. Domestic consumption will account for 240 thousand tons and the remaining 46,000 will be available for export. Figures for the current year show a considerable decrease compared with 1957 when production was 312 thousand tons and exports 66.2 thousand. Declining interest in cotton as a crop is largely responsible as the area planted has dropped from 27 million acres in 1952 to 12.5 million in 1958. However, measures now being taken by the Government are expected to stimulate production in 1959 and officials are predicting that next year's crop will be 50 per cent larger —Rio de Janeiro.

Fur

UNITED STATES—The Mid-South is the leading fur-producing region in the U.S. and Louisiana ranks first in North America in fur-pelt production. Almost 2.3 million pelts were produced in Louisiana during the 1956-57 season (latest figures available), valued at almost $2.7 million. Among the pelts taken were muskrat, mink, raccoon, otter, nutria, opossum and skunk.

Muskrat ranked first in the number of pelts taken, almost 1.6 million, and first in value at $1.3 million. Nutria came second with 543 thousand pelts valued at $800 thousand. Mink was third in value and fourth in the number of pelts taken—New Orleans.

Gold

SOUTH AFRICA—Gold production in July 1958 reached 1,449,237 fine ounces, a new monthly record for the industry and nearly 20,000 ounces higher than the total for July 1957, the previous high.

The increase stems almost entirely from production from the newer South African gold mines located in the Orange Free State and Far West Rand mines. The older mines in the Johannesburg area produced 30,000 fine ounces less than the year before.

Gold is the largest single contributor to South African foreign exchange earnings and increased production of the metal will compensate for the anticipated deficit in trade and invisibles—Johannesburg.

Olive Oil

GREECE—According to a Ministry of Agriculture report, olive oil production this year is likely to reach some 125 thousand metric tons (163 thousand metric tons in 1957). Olive oil exports from the 1957 crop total approximately 10,000 tons to date and stocks on hand are reported to be in the neighbourhood of 35,000 metric tons—Athens.

Paper

SOUTH AFRICA—The pulp and paper industries now have six papermaking machines in operation; the newest is the latest type Yankee or M.G. machine.

Many special features have been incorporated in this machine to enable production of a large variety of paper grades.

High-quality pure M.G. kraft will be made in South Africa for the first time from local pulp specially cooked to give high-strength properties. Production from this machine will make South Africa more independent of imports of paper from overseas, and it is estimated that it will save the country about $1,350 thousand of foreign exchange a year—Johannesburg.

Petroleum

AUSTRALIA—A Canadian firm has taken out a permit to drill for oil in a 53,000-square-mile area between Gladstone and Townsville in Queensland, and in another small area north of Townsville. The firm, Humber Oils Ltd., of Calgary, plans to drill stratographic wells to see if there is oil under the Barrier Reef. It will use floating platforms and drill to a depth of 6,000 feet. The search will cover more than half of the Barrier Reef—Sydney.

VENEZUELA—Figures released recently by the Venezuelan Ministry of Mines and Hydrocarbons show that the petroleum industry earned Bs.8,186,080 thousand during 1957. Of this amount, Bs.4,105,540 thousand went to the Government. Corresponding income figures for 1956 were Bs.6,928,740 thousand of which Bs.3,244,520 thousand went to the Government—Caracas.

Plastics

AUSTRALIA—The Minister for Trade has stated that during the 12 years since 1946, the Australian plastics industry has increased tenfold and now produces articles worth more than A£30 million a year, from materials valued at A£16 million a year. The plant capacity of the Australian industry is about 30,000 tons a year and it is making an important contribution to industrial development in Australia. International firms continue to invest heavily in expanding their plants in Australia and it is expected that the industry may double its capacity within the next five years. At present the Australian plastics industry employs 8,500 people in nearly 300 factories with an invested capital of over A£10 million—Sydney.

Railroad Coaches

SOUTH AFRICA—The Commonwealth Engineering Company (Australia) will receive orders from South African Railways valued at approximately £2.6 million to build 332 all-metal official coaches. Fifty per cent of the material will be obtained locally and the coaches will be built in a new factory to be erected at Nigel near Johannesburg. Other large orders placed by S.A.R. with Johannesburg companies include: 644 standard coaches' stock bogies valued at £369.8 thousand, 1,328 pairs of wheels and axles (£129.9 thousand) and 1,000 freight cars (£817 thousand)—Johannesburg.

Ships

PORTUGAL—The Portuguese fishing fleet is continuing its renovation program and 12 new vessels are nearing completion in Portuguese shipyards. Six of the vessels, intended for fishing off the Portuguese and African coasts, each have a displacement of 795 tons and are equipped with the latest navigational, safety and detection facilities. They have four holds with a total capacity of 200 metric tons. Two of the four holds are refrigerated.

The other six vessels are smaller, designed for fishing in nearby coastal waters; each of them will be able to carry loads of 75 metric tons—Lisbon.

Telephone Equipment

BRAZIL—The recently-formed Cia Telefonica de Duque de Caxias has signed a contract with Siemens Schuckert to build an automatic telephone exchange for 3,000 lines. A coaxial cable permitting 350 simultaneous calls has been laid between São Paulo and Santos—São Paulo.

SWEDEN—The Ericsson Telephone Company of Sweden has recently delivered an automatic telephone exchange with 1,000 lines to the town of Magelang in Indonesia. This is the second delivery of this type of automatic exchanger; the first, with 3,000 lines, was installed at the beginning of the year in the town of Solo. Further large orders have been received by the company for automatic exchanges in towns throughout Indonesia, and also an order for transmission equipment for 12 channel systems.

For the past 50 years Indonesia has been an important market for the Ericsson company; it has delivered a large number of public telephone exchanges, private exchanges and selector telephone systems to the Indonesian railways—Stockholm.

Wood Pulp

ARGENTINA—A wood pulp plant with a capacity of 50 metric tons a day is to be built shortly on the Rio Paraná, near the town of Ramallo, province of Buenos Aires. The consulting engineering contract was awarded some time ago to a Vancouver firm, and this phase of the project is now almost complete. The total investment will run to about US$6½ million. The supply of wood pulp from the plant should replace imports totalling about 15,000 tons a year. The foreign exchange saved will, at present prices, amount to about US$1½ million—Buenos Aires.

West German Agriculture

and the Common Market

Last year West Germany became our third largest wheat market; she also buys other Canadian farm products in volume. This discussion of probable German agricultural policy under the Common Market therefore has special interest.

J. A. STILES, *Commercial Counsellor, Bonn.*

CANADIAN agriculture has a substantial interest in West Germany as a market. In 1957 approximately half our total exports to this country consisted of agricultural products. The principal commodities were wheat ($53.5 million), barley ($8 million), flaxseed ($4.2 million), and rapeseed ($2.8 million). In recent years West Germany has become an important buyer of Canadian grains and last year was Canada's third largest wheat market, following the United Kingdom and Japan.

Domestic agricultural production covers only three-quarters of West Germany's food requirements. Though agricultural output has increased steadily in the postwar period, it has been offset by rising consumption and the heavy inflow of expellees and refugees into the area. As a result, appreciable quantities of foodstuffs continue to be imported. West Germany's policy on agricultural imports is consequently of prime importance to Canadian suppliers of farm products.

West Germany and the Common Market

West Germany is now a member of the European Common Market which came into being on January 1, 1958. She has agreed to work with the other Common Market countries—France, Italy, The Netherlands, Belgium, and Luxembourg—towards achieving a common agricultural policy not later than the end of a 12 to 15-year transition period, starting at the beginning of this year. The special agricultural provisions of the Rome Treaty policy and enumerate the various measures that the set forth the objectives of this common agricultural new European institutions may use to achieve them. The objectives are:

1. To increase agricultural productivity by developing technical progress and to ensure a rational development of agricultural production.

2. To ensure a fair standard of living for the agricultural population.

3. To stabilize markets.

4. To guarantee regular supplies.

5. To ensure reasonable consumer prices.

To attain these objectives, it is planned to effect a common organization of agricultural markets of member nations in one of the following ways, depending on the product concerned:

a. Common rules concerning competition.

b. Compulsory co-ordination of the various national market organizations, or a European market organization.

In order to arrive at a common organization, the Treaty authorizes the Institutions to apply all measures necessary during the transition period. They are empowered to establish price controls, a system of minimum prices under which imports could be temporarily suspended or reduced, and subsidies for production, as well as to make any necessary arrangements for stockpiling. The Treaty also provides a framework for restrictive measures on imports, quotas, and preferential long-term marketing arrangements.

During the 12 to 15-year transition period, existing customs duties and quantitative restrictions between member states are to be progressively abolished, and against "third countries" a common tariff will be progressively set up around the Community. Many duties applicable to important products have already been agreed upon among the Common Market countries, and are enumerated in a special list annexed to the Treaty. For instance, of interest to Canadian exporters

to the German market, the common duties proposed for wheat are 20 per cent, for tobacco 30 per cent, and for canned salmon 16 per cent. Flaxseed is to be duty-free.

Position at Stresa Conference

The first step towards developing these common agricultural organizations was taken at a conference of Common Market agricultural ministers held in Stresa, Italy, from July 3 to 11 this year. This conference was called to gather information about existing agricultural programs of the six countries and to give each an opportunity to provide a statement of its resources and needs and thus to assist the executive body, the European Commission, in its task of elaborating the "common agricultural policy".

In presenting the German report, the Minister of Agriculture, Dr. Luebke, stated that his Government welcomed the proposed establishment of a common agricultural policy among the Six, but regretted that it had not yet been possible to agree on the larger aim of linking together the agriculture of Greater Europe, specifically the European OEEC countries. He added that the West German Government was in full agreement with the agricultural policy objectives listed in the Common Market Treaty and believed that they were substantially the same as those which had been followed in West Germany on a national scale for several years.

Dr. Luebke stressed that in their future planning the Common Market countries should keep in mind that the territory comprised by the Six should not be thought of as an area isolated from the rest of the world. He urged that full consideration be given to previous trade relations of member states with countries outside the Common Market. He paid tribute to the policy of extending economic aid which had been followed in the postwar period by non-European countries, particularly the United States, and acknowledged the role this policy had played in the recovery of Western Europe. "Political and trade-political connections have resulted therefrom", he said, "and these cannot be changed or waived between today and tomorrow, even if they have not been written down in a bilateral trade agreement."

Implications of Common Market

It is still too early to determine the full effect of this proposed common agricultural policy on exports to the Six by other countries such as Canada. It seems almost certain that there will be some changes in present trade patterns and that the character, if not the volume, of exports by third countries to the Six will alter as the Common Market countries make a strong effort to supply from their own resources a greater percentage of their food requirements.

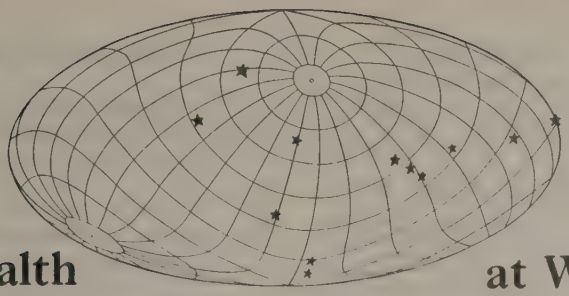
It is important to remember, however, that this plan is to be implemented very gradually over a period of 12 to 15 years. During that time there will be opportunities for discussions between Common Market countries and their trading partners outside this area. International trade organizations and particularly GATT, where their Common Market arrangements are now under review, will probably play an important role and should help to minimize disruptions in traditional trade.

Another important factor, particularly in West Germany, is that consumer preference has led local flour mills to use a certain percentage of imported wheats with a high gluten content—such as Canadian Manitobas—in their grist; this has resulted in a better quality bread. To change over to the use of only European-grown wheats would probably meet with consumer resistance which would have to be overcome by government coercion. Although such a development is not impossible, it seems reasonable to assume that it would take place very gradually, if at all. Also, as larger quantities of local soft wheats are used, it is likely that it will be necessary to employ very high quality wheats in the mix if the present standard of bread flour is to be maintained. This development would probably not be unfavourable to Canada, a leading exporter of high-protein hard wheats. Local production of hard wheat could be increased a bit, but the desirability of doing this would have to be weighed against the much higher production cost and the limitations on quality imposed by climatic conditions.

In West Germany an increasing demand for macaroni products manufactured from durum wheat offers Canadian suppliers additional sales possibilities, because normally local production of this type of wheat within the Common Market area is well below the demand.

One Aspect of Commercial Policy

West Germany is one of the world's leading exporters of machinery and other industrial goods and must export extensively to be able to purchase the foodstuffs and industrial raw materials she needs. Many of the best markets for German industrial products are agricultural surplus-producing countries. In its numerous trade agreements with non-members of the Common Market, West Germany has recognized the need for these countries to sell their produce to German buyers. Quite apart from treaty obligations, the German statement at the Stresa Conference to the effect that full consideration must be given to trade relations with countries outside the Common Market would appear to be significant. It would indicate that the over-all German policy on imports of agricultural products will continue to be greatly influenced by the importance of German export trade with non-member countries. ●



The Commonwealth at Work

How Commonwealth Members Consult

Exchange of information of various kinds among Commonwealth countries has been going on for many years. Several of the principal clearing-houses for such information in the trade and economic fields are described below.

JOHN McLAREN, *Assistant Trade Commissioner.*

CHANNELS for exchanging information within the Commonwealth have been in existence for many years. Many are essentially private organizations but some are official. Several of the latter have been established on a continuing basis and because they deal primarily with trade and economic matters, they are of interest to Commonwealth businessmen generally.

Among these, of course, are the normal channels of communication through the exchange of diplomatic missions and trade commissioners. There are also frequent visits between Commonwealth capitals by government ministers and officials and close contact among Commonwealth delegations at meetings of international economic organizations. For example, it has become customary for Commonwealth Finance Ministers to meet together informally while they are attending annual meetings of the International Bank and of the International Monetary Fund. Apart from these, meetings on economic matters are held in London periodically and are attended by the Commonwealth representatives stationed there. In addition, Commonwealth Prime Ministers' Conferences are held from time to time; the most recent took place in London in June 1957. These conferences deal with a wide range of subjects, including economic matters.

However, much of the existing machinery for Commonwealth consultation takes the form of organizations with permanent secretariats supported by subscriptions of the members. These organizations are usually staffed by non-government personnel but operate with government sponsorship and assistance. Some examples of continuing organizations directly sponsored by the Commonwealth are listed below, with brief descriptions of their functions.

The Commonwealth Agricultural Bureaux

These were set up as a result of recommendations made by the Imperial Agricultural Research Conference in 1927. The executive council of the Bureaux supervises the work of ten bureaux, which act as clearing-houses for information on research in ten specialized fields of agricultural science. A liaison officer appointed by the appropriate department in each participating country keeps in touch with the headquarters of the bureaux and each bureau nominates an official correspondent in member countries. The ten bureaux abstract information on their own subjects and circulate it to interested research workers throughout the Commonwealth. The annual reports of the executive council are submitted to each of the member Governments through their several members on the council.

The Commonwealth Economic Committee

This Committee was set up in 1925 and in 1933 was established as an official co-operative agency. Each participating government appoints its own representative to the Committee which is responsible to all the co-operating governments jointly. Its income is fixed in total over a term of years and is provided by the participating governments in proportions agreed among them.

The functions of the Commonwealth Economic Committee are to provide economic and statistical services on subjects affecting Commonwealth production and trade, and to examine and report on any economic questions which member governments refer to it. The Committee reports to governments on economic questions of common interest and publishes a Commodity Series which gives in summary form the chief statistical data on world production of and trade in a number of commodities. The seven volumes in the series, which are revised annually, cover:

Fruit *Dairy Produce*
Grain Crops *Industrial Fibres*
Plantation Crops *Meat*
Vegetable Oils and Oilseeds

The Committee also publishes an Intelligence Service at more frequent intervals on the following subjects:

Wool Intelligence
Intelligence Bulletin (Dairy Produce and Meat)
Fruit Intelligence
Tobacco Intelligence
Grain Bulletin

These publications are available only from the Secretary, Commonwealth Economic Committee, 2 Queen Anne's Gate Buildings, Dartmouth Street, London, S.W. 1.

The Commonwealth Liaison Committee

Set up in 1948 to supplement the existing intergovernmental channels for keeping Commonwealth countries fully informed on matters connected with the European Recovery Program, the functions of this Committee were expanded in 1949 to cover discussion of financial and economic problems of general interest to Commonwealth countries. Representatives of the United Kingdom government departments most closely concerned with the subjects under discussion and members of all High Commissioners' offices in London attend its meetings. These are held frequently and provide a useful forum for the exchange of information on economic affairs.

The Commonwealth Shipping Committee

Established in 1920 following a resolution of the Imperial War Conference in 1918, this Committee consists of a chairman, who is independent, and representatives of the Commonwealth Governments. The Committee inquires into complaints about shipping conditions in inter-Commonwealth trade referred to it by any of the nominating authorities. It also surveys the facilities for maritime transport and makes recommendations to the proper authority for the co-ordination and improvement of such facilities, including the type, size and speed of ships, depth of water in docks, and similar matters. It also prepares reports on various subjects. One recent publication was *Hudson Bay Marine Insurance Rates* 1957 (16th Report).

Other Groups Formed

There are several private and official groups which deal with science, Parliament, education, and other subjects of interest to the Commonwealth as a whole. These organizations, together with the many *ad hoc* and continuing committees on trade and economic matters, provide comprehensive machinery for consultation on all phases of Commonwealth relations. •

California's Electronics Industry

IN a region where new records are commonplace, the growth of the electronics industry in California has been outstanding.

Ten years ago there were approximately 60 electronics manufacturers in Southern California, accounting for 6 per cent of total United States production in this industry. Today, there are more than 475 firms producing 16 per cent of national output. In California electronics firms employ 110 thousand persons and their sales in 1957 reached nearly $1.5 billion. On a wider geographical scale, there are said to be over 650 firms actively engaged in electronics manufacturing in the eleven Western States, with total sales of $1,775 million in 1957. There are some 4,000 electronics manufacturing firms in the United States as a whole, with sales of nearly $7.5 billion.

The California electronics industry received its first major impetus from the aircraft industry during and after World War II. However, its greater expansion has come with the missile age, and though more commercial and industrial products are being put on the market, roughly 65 per cent of electronics output in California is in the military field.

Investment in the Southern California electronics industry has risen from a low of $4.4 million in 1951 to a high of $51.4 million in 1954. Last year $30.6 million was invested in this industry; in 1956, $38.7 million.

In the past the contribution of the California industry has been primarily in research and development, with large-scale manufacturing concentrated in the Midwest and Eastern States. However, this situation has been changing and it is likely that California will become more and more important in the large-scale manufacturing side of the industry.

With the shift towards missile production, the traditional link between aircraft and electronics is likely to become stronger because of the increasing importance of electronic components in these new devices. An illustration of the importance of the industry in the Western States is the growth of the Western Electronics Show and Convention held in alternate years in Los Angeles and San Francisco. This year's exhibition in Los Angeles attracted 700 exhibitors from all over the United States and 30,000 visitors.

—T. M. BURNS,
Consul and Trade Commissioner, Los Angeles.

Venezuela: a market for dairy cattle

In 1957 Canada became Venezuela's leading supplier of dairy cattle. Here is a close look at the possibilities and problems Canadian cattle exporters may find in this growing market.

R. D. SIRRS,
Assistant Commercial Secretary, Caracas.

VENEZUELA'S doors are wide open to Canadian purebred dairy cattle. An expanding local dairy industry coupled with a demand for top-quality breeding stock has brought a significant upsurge in our sales of cattle to this small but growing Latin American country of seven million people.

Although total Venezuelan imports of dairy cattle have remained more or less constant over the last three years, the buying trend has revealed a striking pattern. The year 1955 saw the United States well ahead as the main supplier of dairy cattle, with more than five times the sales made by Canadian exporters. In 1956 Canadian sales were double those of 1955 and came close to paralleling those of the United States. In 1957 Canada, with a threefold sales increase over 1955, surpassed her main competitor and became Venezuela's leading source of dairy cattle, as the following table indicates.

IMPORTS OF DAIRY CATTLE INTO VENEZUELA

	(number of head)		
	1957	1956	1955
Canada	1,182	565	355
United States	950	828	1,897
Dominican Republic	60	417	
Puerto Rico	40		
Jamaica		6	13
Cuba			11
Total	2,232	1,816	2,276

Holsteins Predominate

The figures below reveal other interesting and perhaps key factors covering the type of cattle imported.

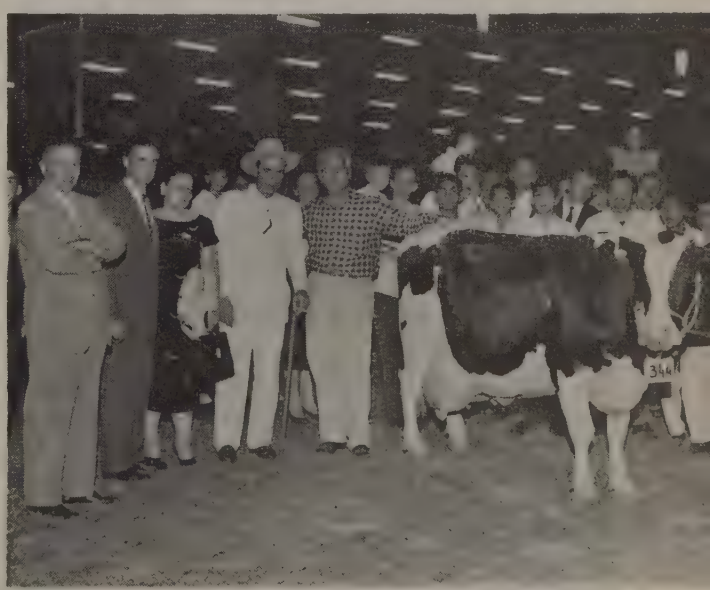
1957 IMPORTS OF DAIRY CATTLE BY TYPE

	CANADA	U.S.	OTHER
		(number of head)	
Holsteins	702	434	100
Brown Swiss	24	420	
Ayrshire	446	30	
Guernsey	10	17	
Jersey		49	
Total	1,182	950	100

Holsteins predominate in Venezuelan dairy-cattle imports, although there is a substantial demand for Brown Swiss and a growing market for Ayrshires. The latter breed has made a good start and achieved a substantial sales volume within the last two years. Bulls constitute between 3 and 10 per cent of total dairy-cattle imports. Jerseys account for some 20 per cent of all the bulls imported, Holsteins 5 per cent, and Ayrshires roughly 3 per cent.

Canadian Exporters Face Obstacles

A true picture of the prospects for Canadian exports cannot be given without some mention of the obstacles to sales that arise in this area. Although Venezuela is not subject to the marked changes in climate experienced in Canada, it does present climatic and other difficulties not encountered in the north. A hot climate, disease-bearing cattle ticks, and an exceptionally dry, arid winter season work hardship on cattle of all species. However, some are more susceptible than others and it is noticeable that the Holstein-Friesian variety has not adapted successfully in all areas of the country. The tropical heat, which the Holstein resists with difficulty, has resulted in a markedly lower milk output for this species although



Last year Venezuela bought 702 Canadian Holsteins like the prizewinner shown at the Agricultural Fair at Valencia. The champion, winner of the Canada Trophy, was sold for $4,000.

it is still the highest producer in Venezuela. There has been a tendency to favour Brown Swiss in the warmer areas because it has proved to be more rugged and apparently adapts more easily to the vagaries of this climate.

For much the same reason Criollo (native breed) crosses play an important role. Cross-breeding experiments to develop more adaptable breeds are going on continually. Some fairly promising results are foreseen with a Jersey-Brahman cross called the Jamaica Hope, and with other breeding combinations of imported cattle and Brahman and Criollo species. Although in these cases milk output is relatively low, the hardiness of the animals, the fact that they need minimum care, and their dual purpose as milk and beef producers make them acceptable and sought after.

Encouraging Factors

On the other hand the Holstein-Friesian breed has adapted successfully in the elevated parts of the country and when it is adequately cared for, can be used in the warmer areas. As already mentioned, its main drawback is its inability to throw off heat readily. It is conceivable that, as Venezuelan agriculture develops and knowledge spreads throughout the country, the demand for Holsteins as well as Jerseys and Ayrshires may increase substantially. Even during a possible transition period we can expect substantial sales of Canadian dairy cattle in the years ahead. There may be some apprehension about purchasing cattle at the present time but as soon as the political situation becomes more stable, sales are bound to pick up.

The demand for purebred dairy cattle should grow. Increasing management education, pasture improvement, and more supplemental feeding of concentrates will mean a better dairy industry, and a higher standard of living in Venezuela should mean greater milk production. The growth of the milk industry in the last few years has been impressive. Last year output of fresh crude milk reached 130.7 million litres, 213 per cent above the 55.4 million litres produced in 1952; production of powdered milk totalled 4.5 million metric tons, some 80 per cent above 1952's 2.4 million tons.

Powdered Milk Industry Expands

The market for dairy cattle can be expected to expand even more rapidly in the years ahead in view of current moves to develop a domestic powdered milk industry on a larger scale. Pressure is being brought to bear on the Government for more help to bolster a still infant and struggling industry. This will have an adverse effect on Canadian sales of powdered milk, one of our leading exports to Venezuela, our best foreign market for this product. Canada ranks as Venezuela's second largest source of powdered milk, supplying approximately one-fifth of current imports.

POWDERED MILK IMPORTS INTO VENEZUELA 1957

	m.bolivars	m.kilograms
United States	56.6	21
Canada	18.8	8.3
Netherlands	14.3	8.2
Total (including other minor suppliers)	97.6	41.7

The Venezuelan Government will no doubt do everything possible to assist those industries which show reasonable economic promise. The powdered milk industry appears to fit into this category. Although further restrictions on imports have been discussed, these will likely be confined at present to an import ratio of 5:1—that is, one unit of domestic powdered milk must be sold for every five units of the imported product.

The support that the local industry will receive will probably consist of a government subsidy on fresh milk allocated for the industry's use. The encroachment of the locally made product on imports is expected to be gradual. And although it may eventually reduce powdered milk imports drastically, on the other hand it should create wider opportunities for dairy cattle exporters.

Canadian Government Promotes Sales

The Canadian Government has taken an active interest in the promotion of dairy cattle sales and has made available a Canada Trophy for presentation at two agricultural fairs in rotation each year. At the three fairs at which the Canada Trophy has been presented so far (Ciudad Bolivar, Maracay and Valencia) it was well received and in fact was the only one awarded by a foreign government. In each case a representative from the Canadian Embassy was at the fair to present the trophy, thus showing Canada's serious interest in Venezuela's agricultural development. In two out of the three fairs a Canadian Holstein-Friesian cow was the winner, further evidence of the high quality of cattle provided by Canadian breeders. This quality is widely recognized and appreciated by Venezuelan dairy-cattle specialists.

Hints to the Exporter

The Canadian exporter interested in this growing market for dairy cattle should make a personal visit to Venezuela. He will find a knowledge of Spanish useful because it will enable him to make direct contact with local buyers. Once the decision to enter the market has been made, the exporter should also appoint a well-connected local agent willing to travel in the interior. This step, however, is not a substitute for a personal visit; the value of the latter cannot be over-emphasized. From time to time Venezuelan breeders visit Canada and it may pay Canadian exporters to arrange to see them. The Canadian Trade Commissioner's office in Venezuela will be pleased to help exporters in any way possible. ●

Transportation Notes

Australia

SHIP IMPORTS STOPPED—The import of ships, new and secondhand, to Australia has been temporarily prohibited; the ban does not apply to yachts, launches or small boats. The restrictions have been imposed because some Australian shipyards need orders, even though the Government in 1956 increased their subsidy from 25 per cent to a maximum of 33⅓ per cent of the cost of ships built in Australia for the coastal trade. The ban will remain in force until the Government completes a Tariff Board inquiry into the industry—Sydney.

Ceylon

NEW SHIPPING COMPANY—A new Ceylonese shipping company with an authorized share capital of Rs.50 million (Can.$10 million) and called the "Associated Colombo Shipping Lines Ltd.", has been floated. The authorized share capital of the company is divided into five million shares of ten rupees each; if the company wishes to invite foreign capital, this will not exceed 25 per cent of the total issued shares. Before the formation of this new firm, there were two other Ceylonese shipping companies: the Ceylon Shipping Lines Ltd. (a Norwegian-Ceylonese joint venture), and the Eastern Star Lines Ltd. Twenty-five per cent of the shares of the former is held by the Government; the latter is a private company. It is stated that the Government spends about Rs.40 million (Can.$8 million) on freight charges every year—Colombo.

Netherlands

ROTTERDAM HARBOUR TRAFFIC—In 1957, over 22,000 ships totalling more than 44 million tons entered the port of Rotterdam, compared with 21,239 totalling 43.3 million tons in 1956. Over 75 per cent of all Dutch imports by sea and 88 per cent of all exports passed through Rotterdam. The total volume of goods handled at the port reached over 74 million tons in 1957, an increase of 2 million over the previous year. This volume is second only to New York, where 88 million tons of cargo were handled in 1957. Rotterdam serves as the port of entry and exit for large shipments to and from the whole Rhine Valley and is also an important transshipment point for grain, coal and other bulk cargoes —The Hague.

Northern Ireland

CONTAINER SERVICES INCREASE—One of the most striking developments in local freight transport since the end of the war has been the increase in the use of container services. About a dozen companies are engaged in this traffic which reduces to a minimum packing, handling and the risk of pilferage. New types of containers have been developed to suit the widening range of goods carried: highly insulated ones for frozen foods, ice cream and meat "on the hook", and special wardrobe containers for the delivery of unpacked articles of clothing. Even coal and bricks are being handled in this way.

Many of the services operate between the port of Larne in County Antrim, and Stranraer, Troon and Ardrossan in Scotland, and Liverpool and Preston in England. Quays and cargo-handling facilities have been extended at Larne and it is now the only port in the United Kingdom with three ramps for vehicular traffic. The Larne-Preston roll-on roll-off ferry handles 40,000 vehicles a year, and in ten years the tonnage has increased eightfold.

British Railways, which also operates container services between Belfast and Heysham, has recently acquired the first of two specially-designed vessels capable of carrying 65 large containers, and new cranes and appliances are being installed at both ports—Belfast.

Pakistan

CHITTAGONG'S FACILITIES EXPANDED—Chittagong, ten-and-a-half miles up the Karnaphuli River from the Bay of Bengal, is the principal port of East Pakistan. Since partition its capacity has been increased enormously. There are now 17 jetties and seven moorings under commission and the port can handle 24 ships at a time. Chittagong is the major exporting port for Pakistani jute. It is serviced by

railways and by the numerous tributaries of the Ganges and Brahmaputra Rivers. Well-equipped steamers operate from inland points and through the Bay of Bengal to Chittagong—Karachi.

Peru

CALLAO PORT EXPANSION—The Peruvian Government has agreed to guarantee a World Bank loan of US$6.5 million to the Port Authority of Callao, the country's principal seaport. The loan will be used to cover the foreign exchange costs of an extensive port-expansion program. Plans include building three warehouses and a modern passenger pier, modernizing the present in-transit storage facilities, and erecting a new wharf for handling bulk ores and concentrates. Two towers for ore-loading will be built, each with a capacity of 300 tons an hour.

The Port of Callao Authority was created in 1952 after a survey revealed that many improvements were needed. The first phase in reorganizing and modernizing the port was completed in 1956 with the help of a US$2.5 million World Bank loan. With this aid, grain elevators and other installations were built and port facilities mechanized—Lima.

Rhodesia and Nyasaland

RAILWAY TRAFFIC INCREASES—The Rhodesian Government Railways are continuing to show a marked increase in traffic carried. During the year ending March 31, 1958, a record 11.7 million tons moved over the rails, an increase of nearly one million tons over the previous year. Since the railways were nationalized in 1947, traffic has almost trebled —Salisbury.

Sweden

NEW STOCKHOLM AIRPORT—Preparatory work on the new airport outside Stockholm, to be known as the Stockholm-Arlanda, took a big step forward recently when the Swedish company Skånska Cement, one of about 40 competing Swedish, West German, Dutch and Danish firms, obtained the $7 million contract for building the first runway. It will be 3,300 metres long and 70 metres wide, with hangar platforms, roads, etc., and is scheduled for completion by December 1, 1960, when the first DC 8 jets will be delivered—Stockholm.

Switzerland

PORT OF BASEL—Over 5.5 million tons of waterborne cargo (total imports and exports) were handled in 1957 at Basel, the Swiss terminus of the 560-mile-long Rhine navigation system; this represents 35 per cent of the total tonnage of Swiss foreign trade. The volume of goods in transit through Basel to and from other countries is also significant: these cargoes totalled 406 thousand tons in 1957, 6.8 per cent of total traffic.

Basel is of great importance to Swiss industry which relies on low transportation costs for imported raw materials and foodstuffs to help it compete in world markets. The city is particularly well situated because of its direct line to the coal mines of the Rhine region, to the widespread German, French, Belgian and Dutch canal systems, and to the seaports of Rotterdam, Amsterdam and Antwerp.

The canal fleet, composed of 384 vessels, has a combined tonnage of 303 thousand. The port has 1.3 million square yards of installations, over three miles of transhipment quays, new grain elevators which can store 330 thousand tons, and fuel tanks with a capacity of 11.7 million cubic feet—Berne.

Venezuela

VENEZUELAN TANKER FLEET—The initial steps have been taken to form a tanker fleet, the first of its kind in Venezuela. A group of Venezuelan capitalists recently signed the incorporation papers of the Flota Petrolera Venezolana C.A. FLOVENCA, which will transport crude petroleum to foreign ports. The president of the new company has stated that it will have a capital of at least fifty million bolivars. It has also initiated conversations with two French representatives of several European shipyards from which the Venezuelan company intends to buy ships totalling 500 thousand tons—Caracas.

Coming to Canada on Business

THE INFORMATION about foreign business visitors given here is, to the best of our knowledge, accurate at the time of going to press. We cannot, however, accept responsibility for any changes in itineraries nor for cancellation of plans. This information is published as a service and in no way represents sponsorship or selection by the Department of Trade and Commerce. We cannot undertake to enter into correspondence about these visitors.

▶ from the United Kingdom

R. E. SPALL, Director of A. Revai and Company (Chemicals) Limited, London, will visit Canada in October. He wishes to contact potential chemical suppliers to the United Kingdom market. Businessmen may reach him in Montreal from Oct. 15-23 at the Ritz Carlton, in Toronto from Oct. 23-26 at the Park Plaza, and in Hamilton from Oct. 26-28 at the Royal Connaught.

PHARMACEUTICAL RAW MATERIALS

Markets in Europe II

UNITED KINGDOM—*Large industry exports to many countries but also imports large quantities of raw materials, some under Open General Licence.*

S. G. TREGASKES, *Commercial Secretary, London.*

THE drug and pharmaceutical industry in the United Kingdom is a highly developed and efficient one and has for decades made an important contribution to the economy of the country. Its record of production and export, particularly during the past ten years, has been remarkable; by 1956 production of drugs and pharmaceutical preparations had increased by nearly sevenfold over 1937. The following tables illustrate this growth in selected years:

Production and Employment in Drugs and Pharmaceutical Preparations

	Production (£ million)	Persons Employed
1937	21.0	23,500
1946	60.2	44,700
1949	83.0	48,900
1951	113.7	51,800
1953	110.1	50,400
1955	143.0	52,800
1956 (provisional)	139.5	51,200

Exports and Imports of Drugs, Medicines and Medicinal Preparations

	(£ million) Exports (including re-exports)	Imports
1938	3.7	1.7
1946	13.3	1.0
1949	18.8	1.6
1951	35.7	6.0
1953	30.9	5.7
1955	36.6	7.7
1957	40.2	7.8

Census of Production

The United Kingdom Census of Production for 1954, the latest available, shows that 261 establishments, each employing ten persons or more, were engaged in the drugs and pharmaceutical preparations industry. Of this number, 26 employed 400 or more persons. Of the larger establishments, twelve are owned by companies with headquarters in the United States, three have Swiss affiliates, and one is partly financed by French capital.

Imports Are Extensive

The list of pharmaceutical chemicals, drugs and other raw materials that the British industry imports is extensive, as is the list of the countries from which these imports come. The following is a partial list of selected items imported in 1956, showing total imports by value and the two principal supplying countries, with values.

PHARMACEUTICAL IMPORTS 1956

Product	Value (£)	Two Principal Supplying Countries and Value (£)	
Vitamins, their salts and esters	1,533,492	Switzerland Netherlands	1,340,482 62,478
Antibiotics, including penicillin, streptomycin and tyrocidine	742,903	China (Mainland) Belgium	153,871 142,778
Caffeine and its salts	129,913	West Germany France	118,910 3,851
Quinine and its salts	18,244	Netherlands	18,015
Theobromine and its salts	26,513	Netherlands France	16,800 7,163
Other alkaloids and their salts	750,460	Switzerland U.S.	366,129 183,269
Insulin and its salts	127,220	Denmark South Africa	96,091 25,135
Medicinal oils, n.e.s.	88,848	Belgium France	49,938 25,860
Araroba, crude	1,635		
Camomile flowers, dried	4,978		
Cinchona bark	107,745	Indonesia Belgian Congo	56,604 32,461
Cocoa leaves	8,562	Peru Bolivia	5,797 2,765
Ipecacuanha root	202,346	Colombia Costa Rica	71,950 60,757
Opium, crude	600,382	India Turkey	545,240 48,782
Pyrethrum flowers	30,256	Belgian Congo British East Africa	16,063 10,578
Senna, leaves and pods	38,416	Sudan India	25,113 12,787
Other natural raw materials in a dried state, not chopped, ground, manufactured or otherwise prepared	165,326	Mexico Canada	34,322 30,589

Product	Value (£)	Two Principal Supplying Countries and Value (£)	
Drugs, raw or simply prepared, other sorts	362,060	U.S.	64,508
		Chile	63,053
Drugs, other descriptions	589,614	Switzerland	328,483
		U.S.	74,126
Citric acid	203,215	Netherlands	121,023
		West Germany	45,748
Cod liver oil	21,501	Portugal	9,778
		Iceland	1,998
Glucose, liquid	411,939	Poland	167,649
		Netherlands	113,901
Glucose, solid	223,254	Netherlands	118,657
		U.S.	47,689
Glycerine, crude or distilled	735,929	British West Africa	126,391
		India	104,973
Iodine	236,451	Chile	161,359
		Japan	70,838
Malt extracts	3,339		
Tartaric acid	119,676	Spain	70,897
		West Germany	38,467
Petrolatum	622,950	U.S.	595,960

Import Licensing Arrangements

Many raw materials required by the pharmaceutical industry are permitted entry under Open General Licence but some require specific licences. For example, drugs and the like, raw or simply prepared, cod liver oil, glucose, glycerine, iodine, magnesium sulphate, petroleum jelly, vitamin oils A and D and mixtures thereof, citric acid and tartaric acid can be imported under Open General Licence; malt extract, antibiotics and vitamins are subject to specific licences. Canadian suppliers of pharmaceutical raw materials who are interested in investigating the United Kingdom market should write to the International Trade Relations Branch, Department of Trade and Commerce, Ottawa, or to the Minister (Commercial), Canada House, London, S.W.1, for details concerning licensing arrangements in the United Kingdom for their products. •

BELGIUM—*A good market, but European suppliers now have largest portion of sales; quality products demanded and competition is based on price. Some Canadians successfully selling synthetic raw materials.*

J. R. ROY, *Assistant Commercial Secretary, Brussels.*

BELGIAN industrialists and businessmen have taken full advantage of the profitable domestic market for pharmaceutical specialties—there are said to be as many as 7,000 varieties sold here. The industry is characterized by a great many independent producers, many of whom make only one product. About 50 of the estimated 300 producers manufacture on an important scale.

Six large independent producers of pharmaceutical specialties dominate the industry and account for 90 to 95 per cent of Belgian production. They are: Union Chimique Belge; S.A. Dr. Janssens; S.A. Labaz; Ets Coutelier Frères; S.A. Christiaens, and S.A. Recherches et Industries Thérapeutiques. Annual retail sales of druggists' prescriptions and pharmaceutical specialties in Belgium in recent years are said to have reached $40 million. In Canada, sales of comparative products in 1956 amounted to $125 million for about twice the population. Specialties in Belgium may account for as much as 50 per cent of the sales volume. Within the last few years the large Belgian firms have undertaken basic research and are making specialties of their own but this does not prevent them from manufacturing those of other countries under licence. Moreover, to the large share of the market that these firms enjoy must be added the sales of subsidiaries or agents of large foreign pharmaceutical companies such as Parke Davis, Merck, Hoechst, Bayer, whose parent companies are either Swiss, French, Italian, British or Dutch. However, these foreign companies restrict their activities in Belgium to packaging or to putting up and packaging. The basic products are manufactured by the parent company and delivered in bulk to the local subsidiaries or agents in order to avoid substantial duty and tax charges.

The foregoing makes it clear that the main consumers of pharmaceutical raw materials in Belgium are the few big independent local companies whose sales of specialties must certainly be greater than $10 million. Belgian industry supplies only negligible amounts of these raw materials and it is safe to say that about 97 per cent of those used are imported.

European Suppliers Dominate Market

The accompanying table shows the volume of imports into Belgium under a few broad categories. It includes only imports that are obviously intended, or marked as being intended, for the pharmaceutical industry. In considering these figures, therefore, it must be remembered that considerable quantities of chemical products are imported which may be used by the pharmaceutical industry but which do not appear in the statistical publications under the categories listed here. Also, these import figures include pharmaceutical products which are not necessarily raw materials.

Although Canadian and United States suppliers sold large quantities of antibiotics and vitamins to this market in the early postwar years, they have now been almost completely replaced by Italian, German and Dutch suppliers. Western European producers are the main suppliers of all the products included in the table. The United States still supplies all products to some extent; Canada supplies small quantities of opotherapeutic products and antibiotics; the U.S.S.R.

has supplied some vaccines and Hungary some antibiotics.

The table below gives the duty and tax rates applicable to each category of imports. The rates, on the whole, are relatively low and are uniformly applied to imports from all countries. In early 1957 a common import quota for Benelux was established for penicillin but, from statistics available so far, it does not seem to have restricted imports to any extent. All other products in the table are free from quantitative import restrictions. Belgium imposes few health restrictions on pharmaceutical raw materials, but it does adhere to the Geneva Convention for the inspection of narcotics and all imports of these products are strictly controlled by the Ministry of Public Health. Antibiotics are the only other pharmaceutical materials subject to control and permission must be obtained from the Ministry of Public Health for each shipment imported. Antibiotics are inspected to guarantee quality.

BELGIAN IMPORTS OF PHARMACEUTICAL PRODUCTS

	1957	1956	1955
		(value in $'000)	
Plants, parts of plants, grains and fruits used in medicinal preparations	472	516	458
Alkaloids, their derivatives and their salts; glucosides	968	778	734
Opotherapeutic products; hormones and their synthetic substitutes; vitamins and enzymes as well as their salts and other compounds	5,834	4,076	3,298
Peptones, nucleins, yeast and casein extracts and similar products	158	156	118
Serums, vaccines and bacterial preparations	472	424	244
Antibiotics	7,394	4,128	4,060

Benelux Tariff Item	General Terminology	Duty	Tax (on C.I.F. duty-paid value)*
		%	%
88b	Plants, parts of plants, grains and fruits used in medicinal preparations	nil	10 or 5
288	Alkaloids, their derivatives and their salts; glucosides	nil	10 or 5
289	Opotherapeutic products; hormones and their synthetic substitutes; vitamins and enzymes as well as their salts and other compounds	(vitamins, salts and derivatives —nil) others 10	5
290	Peptones, nucleins, yeast and casein extracts and similar products	(peptones and nucleins not in pills—nil) others 10	10 or 5
291	Serums, vaccines and bacterial preparations	10	5
291b	Antibiotics	12	5

*Compensates for taxes on similar Belgian products.

Prices Must Be Competitive

Belgium is a good market for pharmaceutical raw materials. The industry is highly developed and has followed world patterns in this respect; the use of synthetic chemicals has increased in recent years. Belgian-made pharmaceutical products are sold largely in the domestic market which, with a population of nine million, is too small to warrant production of raw materials on a large scale. Moreover, present tariff legislation provides little protection for pharmaceutical raw materials.

Foreign producers of pharmaceutical raw materials are finding a ready market here and are likely to do so for some time to come. In spite of the fact that the main consumers are large companies, the Canadian exporter should be prepared to quote C.I.F. Antwerp prices for small quantities because a considerable amount of business is done through small purchases. Because Belgian buyers demand quality products and can now get them from Italy and Germany, the Canadian supplier must compete mainly on the basis of price. In all products manufactured on a large scale the Western European suppliers have been able to undercut North American producers in recent years. Some Canadian suppliers who cannot compete in price have introduced highly evolved synthetic raw materials to the Belgian market and they appear to be selling well. •

FRANCE—*An important manufacturer and exporter of pharmaceutical products, France is steadily approaching self-sufficiency in most pharmaceutical raw materials. Canada's sales are limited mainly to some vegetable products.*

J. BESNARD,
Office of the Commercial Counsellor, Paris.

FRANCE ranks among the leading world producers of chemical and pharmaceutical products and, to a large extent, supplies her own raw materials.

In general, French policy in the chemical and pharmaceutical field is to encourage self-sufficiency in raw materials and other products necessary to the economy. The Government wishes to cut down foreign exchange outlays as much as possible and to protect the country from the risk of an interruption in foreign deliveries.

Available data show that France is an exporter of chemical and pharmaceutical products; in fact, she is the world's second largest exporter of cortisone. French imports are limited to a few raw materials not made at

home, such as certain alkaloids, enzymes and vitamins. Detailed information about these imports may be obtained from the Chemicals Division of the Department of Trade and Commerce, Ottawa.

The main supplying countries are West Germany, Switzerland, the Netherlands and Norway. Chile supplies some crude iodine and the United States principally sodium iodide, Vitamins A and C, and some sulphamides.

Canada sells France mainly raw materials of vegetable origin. The French pharmaceutical industry consumes some 15 tons of senega root a year, 50 tons of cascara bark, and about ten tons of hydrastis canadensis (golden seal root). French statistics do not show what proportion of these imports come from the United States, the only other likely supplier.

Import Limits Set

A program of imports including raw materials for pharmaceuticals is established in January and July of each year by the French ministries concerned. This is drawn up according to normal anticipated needs and may be reduced or increased in accordance with limits imposed by French foreign exchange earnings and reserves. These limits may vary in the course of the year, so that it is difficult to forecast the trend of import quotas; one must rely on data available when the semi-annual programs are released.

The following is a list of the products for which quotas are available for the current year:

TARIFF ITEM NUMBER	DESCRIPTION
Various	Raw materials for antibiotics and cortisone
29-44	Antibiotics
ex 30	Various pharmaceuticals
30-01	Organo-therapeutic glands and extracts
ex 12-07	Plants and parts, for use in pharmacy
Various	Various para-chemical products

Imports of pharmaceutical raw materials are not expected to rise in the next twelve months. French production will probably continue to increase and the industry to rely less and less on imports. ●

THE NETHERLANDS—*Thriving industry buys most of its raw materials abroad and imports are unrestricted.*

N. RIEMEIJER,
Office of the Commercial Secretary, The Hague.

THE Netherlands is a large producer and exporter of pharmaceuticals. Details of domestic sales and exports were given in a report entitled "Dutch Make Pharmaceuticals", which was published in *Foreign Trade* of February 1, 1958.

Although some raw materials for the pharmaceutical industry are obtained locally, the bulk have to be imported from various parts of the world. The following comments on some of these items may be of interest to Canadian shippers.

Medicinal Roots, Herbs and Barks

Domestic production is confined to products such as rhubarb root (radix rhei), rhizoma filicis, and some other varieties that climatic conditions favour. The demand for these products on the home market is limited and the greater part is exported.

For most products of vegetable origin the Netherlands depends upon imports. Details of arrivals in this country during 1957 are listed below.

	Metric tons (2,205 lb.)	Thousand florins
CINCHONA BARK		
Indonesia	2,941	3,287
COCOA LEAVES		
Indonesia	10	27
OTHER MEDICINAL PLANTS		
Yugoslavia	1,546	1,270
West Germany	118	271
Italy	58	111
United Kingdom	12	58
United States	8	63

The above products are used by manufacturers of pharmaceuticals and a few large dispensing chemists. These are all independent undertakings and not affiliated with foreign firms.

Imports of medicinal roots, herbs and barks enter free of duty but a turnover or sales tax of 5 per cent is levied on imports from all countries. There are no special regulations governing the import of pharmaceutical raw materials. Netherlands buyers purchase on samples, which must comply with the standards set by the Netherlands, British or American pharmacopoeias.

The following table shows the approximate annual Netherlands consumption of medicinal roots, herbs and barks:

Senega root	3,300 lb.
Cascara sagrada bark	13,200 "
Golden seal root (hydrastis canadensis)	100 "
Hellebore root (veratum viride)	165 "

Products of Animal Origin

Products of animal origin are chiefly imported. Few details can be learned from the trade statistics because these items are classified by nature and composition under different headings. Netherlands imports of hormones and their synthetic substitutes during 1957 were as follows:

	Thousand florins
TOTAL	17,638
SOURCES:	
Belgium/Luxembourg	11
United Kingdom	1,386
France	324
West Germany	785
Denmark	268
Switzerland	12
United States	446
Bermuda	7,083
Mexico	3,100
Panama	651
Puerto Rico	3,571

Figures of Netherlands production and exports of hormones are not obtainable.

Imports of pepsin and pancreatin in 1957 totalled two metric tons valued at fl.6,000. Belgium supplied these products to a value of fl.2,000.

There are no import restrictions on products of animal origin. Netherlands consumers (manufacturers, hospital dispensaries and a few other establishments) buy these items on samples, which have to comply with the general standards.

The rates of duty and turnover tax vary for each item. On most products, including hormones and enzymes, the import duty is 10 per cent ad valorem. Vitamins, sterols and bile acids enter duty-free. In many instances a turnover tax of 5 per cent, payable on the duty-paid value of the goods, is levied.

Because local manufacturers are regularly extending their production programs and switching over to other medicines, the import pattern is constantly changing.

The estimated annual Netherlands consumption of some products of animal origin is as follows:

ACTH	11 lb.	production plus imports
Liver extracts	200 gallons	production
Pepsin	6,600 lb.	imports
Bile acids	45 lb.	chiefly imports
Hormones	unknown	production plus imports
Sterols	66 to 88 lb.	production plus imports
Vitamins D2 and D3	unknown	production plus imports

Netherlands production under this heading is confined to a small number of items, mainly sulfonamides, and the country largely depends on imports. Important suppliers are West Germany, Switzerland and France. These products reach the Netherlands both in bulk and as packaged medicines. It is not likely that the growth of the domestic chemical industry will affect the long-term market for these materials.

The best procedure for Canadian suppliers shipping to the Netherlands is to sell through a well-established agent, although for certain products the outlets are limited to a few large consumers.

New Zealand Plans Steel Industry

COULD an iron and steel industry be economically established in New Zealand and if so, would it be a good idea? Seeking the answers to these questions is a committee set up by the Government, and one of its first jobs is to examine various proposals submitted by private interests.

At least two industrial organizations have studied the prospects in detail. A group of New Zealand interests in association with a firm of American steel experts reported over a year ago that conditions in this country were favourable for an iron and steel industry and it offered alternative proposals for the production of either 120 thousand or 230 thousand tons of steel a year. An all-New Zealand combine, called the New Zealand Development Corporation, aims to launch a £25 million steel enterprise. Both these organizations propose to use deposits of west coast North Island iron-sands of the titanomagnetite variety which are estimated by some experts to hold accessible and recoverable reserves of 700 million tons.

The New Zealand combine has already obtained rights over huge areas of these iron-sands and over coalfield territory. Its tentative development plans call for the building of a refining plant at Aramoana at the entrance to Otago Harbour at Dunedin in the South Island. Iron-sands would be carried by ship and mixed with coal from the Benhar field on the banks of the Clutha River, about 50 miles from Dunedin. Electric blast furnaces would be constructed for processing by Norwegian methods. Although production of iron and steel would take priority, the process would yield rarer metals including titanium and vanadium.

Informed circles consider that the proposals of both companies have merit but that New Zealand is not big enough for two steel industries. Currently, New Zealand imports about 340 thousand tons of steel and 7,500 tons of pig iron a year. The proposed industry could make possible very big cuts in those imports.

Britain: *Fresh and Processed Fruit*

D. A. BRUCE MARSHALL, *Agricultural Counsellor, London.*

THE new arrangements for the import of fruit from dollar countries into the United Kingdom have given Canadian growers and processors their greatest opportunity to compete in the British market since before the war. Fresh, canned and dried fruits which because of financial restrictions could not be shipped from Canada to the United Kingdom now will be admitted under quotas set up to cover the whole dollar area. Under the new arrangements, the products of particular concern to Canadian exporters are fresh pears, peaches, apricots and plums; dried fruits, including apples; fruit juices; canned apples, peaches, pears, apricots, fruit salad, cherries and others.

A Northern Hemisphere allocation for fresh apples, replacing previous specific dollar allocations, permits Canada to ship to the United Kingdom as soon as the apples are harvested and packed and provides an opportunity of securing a portion of a £5 million allocation rather than the £2 million formerly allocated to North America.

The amounts of the new allocations for the dollar area are:

	£'000 C.I.F.
Canned peaches, pears, apricots, cherries, fruit salad and other canned fruit	2,200
Canned apples	150
Fruit juices	300
Fresh pears	420
Fresh peaches, plums, grapes, apricots and other fresh fruit	375
Dried fruits, including apples	2,750

Prewar and Postwar Patterns

The United Kingdom imported about 67,000 tons of fresh pears in 1938. More than half were shipped from the United States, with Australia a secondary supplier. Only once since the war, in 1953, has this figure been exceeded. In the years 1955, '56 and '57, it declined consistently to a low of 54,000 tons in 1957. Moreover, British buyers turned away from dollar to Commonwealth and non-dollar sources of supply; South Africa has been the largest shipper in recent years.

Before the war, when imports of fresh peaches into the United Kingdom totalled some 5,000 tons, Italy was the chief supplier and she has continued to be in recent years. In 1953 imports reached a peak of 17,000 tons, but by 1957 they had dropped to little more than prewar at 6,000 tons. In 1938 Italy supplied more than half the United Kingdom's total imports of 2,000 tons of apricots; since the war, however, Spain has become the main shipper, sending more than 95 per cent of Britain's total supply. The amount has fluctuated in recent years, reaching a peak of 14,000 tons in 1953 but dropping to 5,000 last year. Nearly all the plums consumed in the United Kingdom since the war have been home produced, but imports in that period have remained fairly steady at about 6,000 tons a year. The 1957 domestic crop, at 47,000 tons, was down to one-third of the 1956 level and this year's crop is also estimated to be below average.

Canned and Dried Fruits

The allocation of £2¾ million for dried fruits will include evaporated apples and will enable Canadian exporters to ship to Britain again. Annual imports of this product (used mainly by the catering and processing trade) have only reached a few hundred tons in recent years. In this field, strong competition will be forthcoming from home growers of cooking apples and also from the canned varieties. The allocation of £150 thousand for canned apples is 50 per cent greater than the previous one earlier this year. Sales prospects hinge upon the European cooking-apple crop: last year European crops were short and following the first allocation for canned apples from North America since the war, they arrived on a receptive market. Nevertheless, the British catering trade will again seek Canadian canned apples if the price and quality are right.

Fruit juices—apple juice and other blended juices—are little known in the United Kingdom and the new allocation of £300 thousand may give Canadian exporters a new and fertile field to explore.

In the main categories of canned fruits (peaches, pears, fruit salad, apricots, etc.) the new dollar-area allocation of £2.2 million will give Canadian processors a greater chance to compete.

Hitherto a separate quota was established for Canada, based on a proportion of the U.S. quota. Now Canadian exporters can compete for a share of the entire quota.

United Kingdom imports of canned fruits rose from the end of the war until 1955 and 1956; in 1957, however, they declined sharply. Canned peaches dropped from 67,000 tons in 1956 to 52,000 last year; canned pears fell from 40,000 to 37,000 tons and apricots from 29,000 to 15,000 tons. Fruit salad purchases from abroad rose slightly from 6.4 to 7.0 thousand tons in this period.

The bulk of the canned fruits are supplied by South Africa and Australia and the smaller volume of imports in 1957 reflected the trade's reports that the British market is heavily loaded with the lower or standard-grade products. There is evidently little scope for further competition in this field and Canadian exporters should aim at capturing their share of the top-quality market for choice and fancy grades.

Growth of British Canning Industry

Another competitive factor is the considerable expansion in the British canning industry in recent years, coupled with the changing pattern of the varieties packed. The average prewar British pack totalled about 32,000 tons a year; the main varieties were plums and other indigenous berry fruits. Up to 1956, there was a consistent increase and the volume of fruit packed tripled, reaching in that year 96,000 tons. Although plums remain the major product, other fruits are being canned in increasing quantities—in particular fruit salad, peaches, pears and apricots.

In 1957 the total amount of fruit canned in Britain fell sharply to 77,000 tons. This was mainly because of the small plum crop but there were record packs of fruit salad (19,000 tons) and peaches (8,000 tons). Considerable advertising is done to promote the British packs and they are becoming established side by side with Commonwealth and other products now stacked on the shelves in the British self-service stores.

If their prices are competitive, Canadian exporters may look forward to expanding their exports to the United Kingdom market because the Canadian grading and quality give their products considerable advantage. How much sales will grow, however, depends upon the energy and enterprise of Canadian exporters.

Trade Commissioners on Tour

The following officers of the Trade Commissioner Service are on tour in Canada. Their itineraries are:

H. E. CAMPBELL, Trade Commissioner in Kingston, Jamaica:

Toronto—Oct. 6-9
Hamilton—Oct. 10
Ottawa—Oct. 14-17
Montreal—Oct. 20-24
Halifax—Oct. 27
Saint John—Oct. 28-30
Black's Harbour—Oct. 30
Florenceville—Oct. 31

When he completes his tour Mr. Campbell will return to his post in Kingston, Jamaica.

M. P. CARSON, Trade Commissioner in Singapore:

Saint John—Sept. 30
Moncton—Oct. 1
Halifax—Oct. 2

C. M. FORSYTH-SMITH, Trade Commissioner in Hong Kong:

Quebec City—Nov. 3
Ottawa—Nov. 4-14
Toronto—Nov. 17-28
Windsor—Dec. 1
London—Dec. 2
Brantford—Dec. 3
Hamilton—Dec. 4
St. Catharines, Welland—Dec. 5
Montreal—Dec. 8-19
Winnipeg—Jan. 5-6
Vancouver—Jan. 8-21

When he completes his tour Mr. Forsyth-Smith will return to his post in Hong Kong.

T. F. HARRIS, Trade Commissioner in Bombay, India:

Vancouver—Sept. 26-Oct. 3

E. H. MAGUIRE, Consul in Hamburg, West Germany:

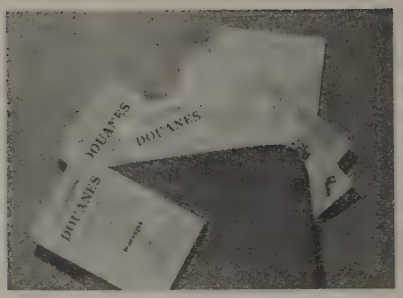
Ottawa—Sept. 29-Oct. 8
Toronto—Oct. 9-18
Hamilton—Oct. 20-21
Montreal—Oct. 23-Nov. 5

M. J. VECHSLER, Consul and Trade Commissioner in Detroit:

London—Sept. 29
West Lorne—Sept. 30

Mr. Vechsler will be returning to Detroit on Sept. 30 and will resume his duties on Oct. 1.

Businessmen who wish to see these officers should get in touch with the Board of Trade or Chamber of Commerce in the cities mentioned, with the following exceptions. In Toronto, Winnipeg and Edmonton, the Trade Commissioners make their headquarters at the offices of the Canadian Manufacturers Association; in St. John's, Ottawa and Vancouver, at the Department of Trade and Commerce; in Victoria, at the Department of Trade and Industry, and in Fredericton at the Department of Industry and Development.



Trade and Tariff Regulations

Dominican Republic

SPECIAL PERMIT REGULATIONS FOR FRUITS AND VEGETABLES—The Government of the Dominican Republic recently decreed that the import of all fruits, vegetables, bulbs, seeds, flowers, etc., is prohibited unless authorized by means of a special permit from the Dominican Ministry of Agriculture. In future, Canadian exporters of potatoes, onions, apples or any of these products should ensure that the importer has obtained the required permit.

Further details of the new regulations are available from the International Trade Relations Branch, Department of Trade and Commerce.

Greece

AMENDMENTS TO REGULATIONS FOR PAYMENT ON IMPORTED GOODS—The lists relating to terms for payment of imports into Greece have been revised effective August 4 to make more stringent the settlement requirements for a number of products. Among these changes, for example, a category in the previous system, under which the required cash deposit at time of import approval was 15 per cent, has been abolished, and the goods concerned are now subject to a 50 per cent deposit. The purpose of this revision is to discourage excessive imports of certain commodities not considered essential. However, no changes have been made in the system applicable to imports and most goods are admitted without restrictions, provided foreign exchange is available.

The following are the present commodity lists together with some items of interest to Canadian exporters in the various categories:

List P 6: Commodities which may be imported against time drafts of up to six months and for which a cash deposit at time of issuing the import licence is **not** required: industrial and agricultural machinery, accessories and spare parts; wood pulp; synthetic rubber; timber for shipbuilding; primary zinc, copper and aluminum; iron; raw hides.

List P 3: Commodities which may be imported against time drafts of up to three months and for which **no** cash deposit is necessary: internal combustion engines, nickel, tools and machine tools, most chemical products, drugs and certain pharmaceutical products, certain paints, rolling equipment, ships' accessories, crude synthetic resins, paper for bags and cartons.

List F: Commodities payable by sight draft and for the import of which **no** cash deposit is required at the time of issuance of the import licence: wheat and other grains, fresh meat, potatoes, newsprint and paper for periodicals, hand tools, automobile spare parts, motion picture films, timber, tires and tubes for vehicles other than passenger automobiles.

List F 100: Commodities payable by sight draft and requiring a **cash deposit of 100 per cent** of the invoice value at time of issuing the import licence: motor vehicles, stoves, rubber goods, refrigerators, canned salmon, washing machines, radios, cameras, leather goods, varnishes, plastic products and bags for packing.

List F 50: Those commodities payable by sight draft for which a **cash deposit of 50 per cent** of the total invoice value is required at the time of issuing the import licence. It includes all commodities not contained in other lists.

In addition to the above cash deposits, importers will have to deposit, when applying for an import licence covering goods contained in List F 50 and F 100, an amount equal to 20 per cent and 40 per cent, respectively, of the invoice value of the goods against import duties and other taxes. Moreover, "in transit" shipments of commodities in these two lists are no longer permitted.

Information on the effect of these regulations on a particular commodity or group of commodities may be obtained from the International Trade Relations Branch, Department of Trade and Commerce.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF—It was announced recently that the South African Board of Trade and Industries has received the following representations respecting the tariff:

Increase in duty on:

1. Builders' tools, from 3 per cent ad valorem (intermediate rate) to 25 per cent ad valorem.

2. Foundation garments, in respect of the alternate specific duty:

(*a*) Brassieres and suspender belts, from 1s. to 2s.6d. per garment.

(*b*) Corsets, corselettes and girdles, from 2s.6d. to 7s.6d. per garment.

Bringing into operation the suspended duty on:

1. Brassieres, suspender belts, corselettes, corsets and girdles, to the extent of the whole suspended duties provided for in tariff item no. 65(3)(a) and (b), namely 10 per cent ad valorem.

Canadian firms exporting these goods to South Africa may wish to have their views on these tariff inquiries placed before the Tariff Board. The most effective method of doing so is for the Canadian exporter to have his South African agents act on his behalf before the Board. Action should be taken as soon as possible because tariff inquiries normally begin in South Africa soon after the announcements are made.

REVISION OF PROCEDURE IN CALLING OF TENDERS—Advice has just been received from the Trade Commissioner in Johannesburg that the Union Tender Board and Supplies Office, Pretoria, has taken steps designed to remove the discrimination against Canadian and United States sources of supply which resulted from the abandonment of the naming of an F.O.B. export point quotation in Railway and Union Tender Board tenders.

The Union Tender Board has advised that the following clause will be incorporated in all future tender documents:

GOODS EX AMERICA AND CANADA

All tenders for goods to be imported from the U.S.A. and Canada must be on a "C.I.F. Union port" basis. Payment of the full tendered price will be made to the tenderer in the Union in South African currency. To facilitate the comparison of prices of goods of American or Canadian origin offered against this tender and that of goods offered on an F.O.B. basis from any other country, tenderers are requested to furnish also the F.O.B. ocean-going vessel price of such goods offered, but it must be clearly understood that only the offer on the C.I.F. basis will be considered for acceptance. Where goods are offered on a C.I.F. basis, tenderers may furnish the F.O.B. cost under the column headed "Basic Price Per".

Previously, on tenders submitted by Canadian firms only the C. & F. Union port and the F.O.R. Union port of entry prices were shown.

In the absence of an F.O.B. export point price on Canadian tenders, the Tender Board officials, when evaluating Canadian tenders against those from non-dollar sources and also against comparable items of South African origin, were calculating the duty on the basis of the C. & F. price. Under the South African law, however, customs duties are payable on the F.O.B. export point price so that the total cost of Canadian tenders was being overstated by the extent of the duty on freight from the export point in Canada to the point of delivery in the Union.

United States

PUBLIC LAWS ENACTED—P.L. 85-623 prohibits the introduction or manufacture for introduction into interstate commerce of switchblade knives from October 12, 1958.

P.L. 85-645 reduces from 15 to 13 inches the minimum width of paper in rolls which may be imported into the United States duty-free as standard newsprint paper after August 14, 1958.

Tours of Territory

W. J. COLLETT, Acting Trade Commissioner in Bombay, India, will visit Vishakapatnam from October 5 to 7, Bhubvaneswar and Cuttack, October 7-9, Calcutta, October 9-20, and Patna, October 21-24.

J. MACNAUGHT, Acting Commercial Secretary in Wellington, New Zealand, will visit Christchurch from September 29-October 3.

W. M. MINER, Assistant Trade Commissioner in Hong Kong, will make a two-week business trip to Vietnam, Cambodia and Laos, beginning October 27.

J. H. NELSON, Assistant Commercial Secretary in New Delhi, India, will tour eastern Uttar Pradesh during the latter part of October.

R. D. SIRRS, Assistant Commercial Secretary in Caracas, Venezuela, will visit Maracaibo, Ciudad Bolivar, Puerto Ordaz, Caroni, and the mining district of eastern Venezuela during October.

Businessmen who would like these officers to undertake assignments should get in touch with them at their posts as soon as possible. Write to Mr. Collett at Bombay, Mr. MacNaught at Wellington, Mr. Miner at Hong Kong, Mr. Nelson at New Delhi, and Mr. Sirrs at Caracas.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which the banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.02367.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent September 12	Units per Canadian dollar	Notes (see below)
Argentina	Peso	Official	.05427	18.43	(1)
		Free	.02057	48.61	
Austria	Schilling		.03757	26.98	
Australia	Pound		2.1893	.4568	
Bahamas	Pound		2.7366	.3654	
Belgium, Belgian Empire and Luxembourg	Franc		.01960	51.02	
Bermuda	Pound		2.7366	.3654	
Bolivia	Boliviano	Free	.0001101	9082.65	
British Guiana	Dollar		.5701	1.75	
British Honduras	Dollar		.6841	1.46	
Brazil	Cruzeiro	General Category*	.005316	188.10	*Aug. 23 (2)
		Special Category	.002618	382.04	*Aug. 23
		Official buying	.05322	18.79	
Burma	Kyat		.2051	4.88	
Ceylon	Rupee		.2052	4.87	
Chile	Peso	Free	.001257	795.55	(3)
Colombia	Peso	Certificate	.1543	6.48	
Costa Rica	Colon	Official	.1740	5.75	
		Controlled free	.1471	6.80	
Cuba	Peso		.9769	1.0236	tax 2%
Czechoslovakia	Koruna		.1357	7.37	
Denmark	Krone		.1414	7.07	
Dominican Republic	Peso		.9769	1.0236	
Ecuador	Sucre	Official	.06513	15.35	
		Free	.05748	17.40	
Egyptian Region, United Arab Rep.	Pound	Official	2.8052	.3565	
		Export acct. selling	2.2475	.4449	
El Salvador	Colon		.3908	2.55	
Fiji	Pound		2.4654	.4056	
Finland	Markka		.003053	327.55	
France, Monaco and North Africa	Franc		.002331	429.00	(4)
French colonies in Africa	Franc		.004662	214.50	(5)
French Pacific	Franc		.01282	78.00	(6)
Germany	D Mark		.2332	4.29	
Ghana	Pound		2.7366	.3654	
Greece	Drachma		.03256	30.71	
Guatemala	Quetzal		.9769	1.0236	
Haiti	Gourde		.1954	5.12	
Honduras	Lempira		.4884	2.05	
Hong Kong	Dollar	Free	.1678	5.96	*Sept. 5
		Official	.1710	5.85	
Iceland	Krona	Official	.05998	16.67	(7)
India	Rupee		.2052	4.87	
Indonesia	Rupiah	Effective buying	.03227	30.985	*Sept. 5 (7)
		Effective selling	.02582	38.732	
Iran	Rial	Certificate	.01290	77.54	

*Latest available quotation date.

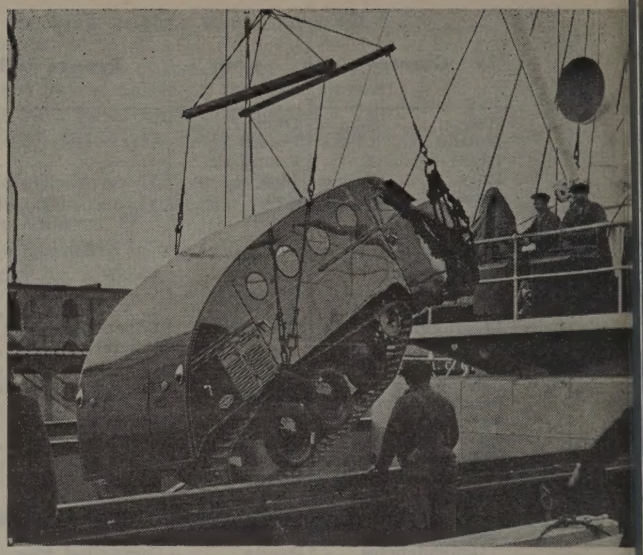
Country	Unit	Type of Exchange	Can. dollar equivalent September 12	Units per Canadian dollar	Notes (see below)
Iraq	Dinar		2.7353	.3656	
Ireland	Pound		2.7366	.3654	
Israel	Pound		.5427	1.84	
Italy	Lira		.001568	637.76	
Japan	Yen		.002714	368.46	
Lebanon	Pound	Free	.3038	3.29	
Mexico	Peso		.07815	12.80	
Netherlands	Florin		.2582	3.87	
Netherlands Antilles	Florin		.5203	1.92	
New Zealand	Pound		2.7366	.3654	
Nicaragua	Cordoba	Effective buying	.1480	6.76	
		Official selling	.1386	7.22	
Norway	Krone		.1368	7.31	
Pakistan	Rupee		.2052	4.87	
Panama	Balboa		.9769	1.0236	
Paraguay	Guarani	Official	.008925	112.04	
Peru	Sol	Certificate	.03995	25.03	
Philippines	Peso		.4884	2.05	
Portugal & Colonies	Escudo		.03409	29.33	(8)
Singapore and Malaya	Straits dollar		.3193	3.13	
Spain and Dependencies	Peseta	Controlled free	.02326	42.99	(7)
Sweden	Krona		.1888	5.30	
Switzerland	Franc		.2280	4.39	
Syrian Region United Arab Rep.	Pound	Free	.2729	3.66	
Thailand	Baht	Free	.04685	21.34	(7)
Turkey	Lira		.1085	9.22	
Union of South Africa	Pound		2.7366	.3654	
United Kingdom	Pound		2.7365625	.3654	
United States	Dollar		.976875	1.02367	
Uruguay	Peso	Free	.1294	7.73	
		Basic buying	.6431	1.55	(7)
		Principal selling	.4652	2.15	
Venezuela	Bolivar		.2916	3.43	
West Indies Fed.	Dollar		.5701	1.75	(9)
	Pound		2.7366	.3654	(10)
Yugoslavia	Dinar		.003256	307.13	(7)

*Latest available quotation date.

notes

1. Argentina: additional rates result from exchange retentions on export proceeds and surcharges on imports.
2. Brazil: exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 48.64 cruzeiros per U.S. dollar, depending on product.
3. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 200 per cent, depending on product, prior to shipment of goods.
4. France: territory includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
5. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
6. New Caledonia, New Hebrides, Oceania.
7. Additional rates are in effect.
8. Portugal: approximately same rate for Portuguese territories in Africa.
9. Barbados, Trinidad, Tobago, Leeward and Windward Islands.
10. Jamaica.

In Peru—This young lad who lives in one of the remote jungle settlements of Peru is crouching in his dugout canoe waiting for game. He is proud of his new shotgun imported from Canada.

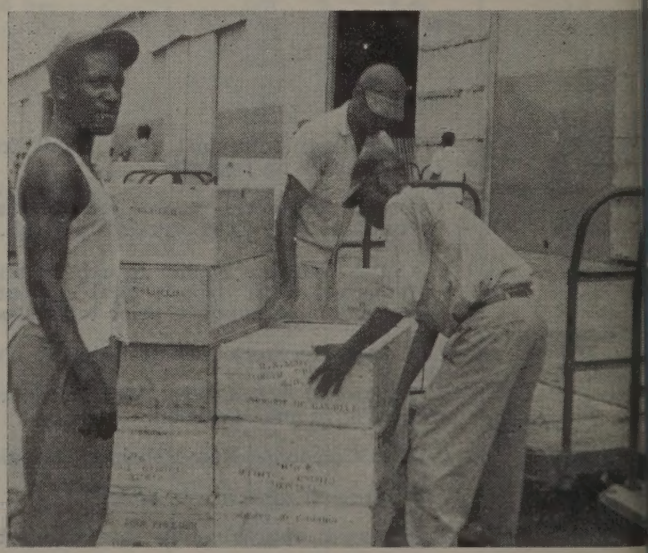


In Iceland—Getting set for another long Arctic winter, Iceland stocks up on snowmobiles made in Canada. Here one of them is being swung on board the Icelandic freighter "Trollafoss".

Canada in Foreign Markets

Canadian exporters are invited to contribute to this series photographs of their products in use or on sale in foreign markets. Photographs should be adequately captioned, protected for mailing, and addressed to: The Editor, "Foreign Trade".

In the United Kingdom—This footbridge, spanning a brook beside a walking trail in Britain, was made of Canadian Douglas fir, pressure creosoted and assembled with galvanized ironwork.



In the Dominican Republic—These stevedores in Ciudad Trujillo are busy moving newly-arrived cases of Canadian dried salted pollock to carts and thence to the customs warehouse.

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